



**In the name of Allah
the most
Compassionate and Merciful**

NNNNVV ESB074MJC032
RR RUQMHR
DE RUSBQD #7850 1931045
ZNY CCCCC ZZR
R 121030 JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 3360
INFO RUMJDX/AMEMBASSY Dacca 3388
RUQMRA/AMEMBASSY JIDDA 809
RUSBKR/AMCONSUL KARACHI 8312
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4121
RUEHMO/AMEMBASSY MOSCOW 1409
RUSBAE/AMEMBASSY NEW DELHI 1072
ZEN/AMCONSUL PESHAWAR
RUQMHR/AMEMBASSY TEHRAN 5338
BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 7850

E.O. 12065: N/A
TAGS: PINT, SHUM, PK
SUBJ:(U) STUDENTS MARCH ON DAILY "MUSLIM"

REFS(A) ISLAMABAD 7850 (B) ISLAMABAD 7631

1. (U) THE NEW AND REFRESHINGLY OUTSPOKEN ENGLISH LANGUAGE DAILY "MUSLIM" MADE ITS OWN FRONT PAGE JULY 12 WHERE IT REPORTED BEING THE VICTIM OF AN ATTACK BY STUDENT ACTIVISTS ASSOCIATED WITH THE CONSERVATIVE ISLAMIC JAMIAT-E-TULABA. ACCORDING TO THE ARTICLE 100 STUDENTS FROM QUAID-I-AZAM UNIVERSITY ARRIVED IN A UNIVERSITY OWNED BUS ON JULY 10 (A HOLIDAY ON WHICH ONLY A SKELETON STAFF WAS WORKING). THE STUDENTS SHOUTED OBJECTIONABLE SLOGANS, INSULTED A FEMALE REPORTER AND "STORMED" THE FIRST FLOOR OFFICES OF THE PAPER.

2. (U) ACCORDING TO THE ARTICLE THE GROUP STAYED AT THE "MUSLIM" OFFICES FOR APPROXIMATELY 30 MINUTES AND TRIED TO BREAK INTO THE EDITORIAL AREA OF THE PREMISES. THROUGHOUT THE "HOOLIGANISM" A JEEP-LOAD OF POLICE STOOD BY WATCHING BUT NOT STOPPING THE STUDENTS. IT ALSO REPORTS THAT THE STUDENTS WHO STORMED THE "(9/.7)8." WERE THE SAME WHO HAD PREVIOUSLY PICKETED THE U.S. AND INDIAN EMBASSIES(REFA).

3. (U) COMMENT: THIS "ATTACK" WAS TOTALLY IGNORED BY THE URDU AND OTHER ENGLISH-LANGUAGE PAPERS ON THE

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MORNING OF JULY 12 (NOT PUBLISHED JULY 11, DUE TO TGDAY).
THE GOP-CONTROLLED "ISTAN TIMES" CARRIED A SMALL ARTICLE
NOTING THE ANTI-SKYLA DEMONSTRATION AT THE AMERICAN EMBASSY ON
JULY 10 BUT DID NOT MENTION ONWARD MOVEMENT OF THE DEMONSTRATORS

--THE ATTACK CAME ON THE DAY DESIGNATED BY SHIA LEADERS
AS A "DAY OF PROTEST" OVZR THEIR "MISTREATMENT" AT THE
HANDS OF THE MAJORITY SUNNIS (REFB). TO US IT SEEMS
NO COINCIDENCE THAT THE STRONGLY SUNNI-CRI NTED JAMIAT-I-
TULABA SHOULD CHOOSE THE SHIAS DAY OF PROTEST TO STAGE
AN ATTACK ON A SHIA-OWNED NEWSPAPER. THE INTERESTING
THING IS THAT THE "MUSLIM" FAILED TO CONNECT THE TWO IN
THEIR REPORTING THE STORY; PERHAPS SEEING NOTHING TO BE
GAINED BY STIRRING UP SECTARIAN FRICTIONS. KING

BT
#7850

VV ESA/130009
RR RUQMHR
DE RUSBKR #4043 1961045
ZNY CCCCC ZZH
R 150704Z JUL 79
FM AMCONSUL KARACHI
TO RUEHC/SECSTATE WASHDC 5923
INFO RUSRAY/AMCONSUL BOMBAY 722
RUMJGM/AMEMBASSY COLOMBO 671
RUSBQD/AMEMBASSY ISLAMABAD 8396
RUSBQD/AMCONSUL LAHORE 6209
RUSBQD/AMCONSUL PESHAWAR POUCH
RUMJHT/AMEMBASSY KATHMANDU 490
RUSWAE/AMEMBASSY NEW DELHI 3553
RUQMHR/AMEMBASSY TEHRAN 2745 -
RUHGGSG/COMIDEASTFOR
RUHHHMA/CINCUSARPAC
RUHVAAA/CINCPACAF
RUHHBRA/CINCPACFLT
RUHQHQA/CINCPAC/OSD
RUSBLK/AMEMBASSY KABUL 3939
BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE KARACHI #043

EO 12065 NA
TAGS: AEMR OGEN CGEN
SUBJ: EMERGENCY AND EVACUATIONS: ESTIMATED NUMBER OF POTENTIAL
EVACUEES AND PRIVATE AMERICANS RESIDING ABROAD. (REPORT F-77)

REF: (A) STATE 76A-2898, (B) STATE 170897

PART I: ESTIMATED NUMBER OF POTENTIAL EVACUEES

1. DOD PERSONNEL - 10
2. DEPENDENTS OF DOD PERSONNEL - 9
3. OTHER USG PERSONNEL - 52
4. DEPENDENTS OF USG PERSONNEL - 100
5. RESIDENT AMERICANS - 395
6. AMCII TOURISTS:

3RD QTR	150
4TH QTR	170
1ST QTR	200
2ND QTR	215
7. OTHER POTENTIAL EVACUEES - 35
8. TOTAL: 771

PART II: PRIVATE AMERICANS RESIDING ABROAD

- A. BUSINESSMEN - 11
- B. EMPLOYEES - 35
- C. STUDENTS (18 YEARS AND OLDER) - 5
- D. MISSIONARIES/CLERGY - 41
- E. DEPENDENTS OF ABOVE - 60
- F. RETIRED AND THEIR DEPENDENTS - 0
- G. OTHERS - 60
- H. TOTAL OF ALL PRIVATE RESIDENTS IN DISTRICT - 212

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#4043

15 JUL 79 12 12z

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BRIMS

NNNNZVH VV ESA745MJC211
PP RUQMHR
DE RUSBD #7900 1961210
ZNY CCCCC ZZH
P R 151116Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 3883
INFO RUOMGU/AMEMBASSY ANKARA 4154
RUQMAI/AMEMBASSY ATHENS 254
RUMJPG/AMEMBASSY BEIJING 572
RUFHOL/AMEMBASSY BONN 613
RUMJGM/AMEMBASSY COLOMBO 1738
RUMJDK/AMEMBASSY Dacca 3390
RUFHGV/AMCONSIL GENEVA 1120
RUMJDH/AMCONSIL HONG KONG 1371
RUQIRA/AMEMBASSY JIDDA 811
RUSBLK/AMEMBASSY KABUL 9442
RUMJHT/AMEMBASSY KATHMANDU 1748
RUSBKR/AMCONSIL KARACHI 8315
ZEN/AMCONSIL LAHORE POU
RUDIC/AMEMBASSY LONDON 13
RUEHMO/AMEMBASSY MOSCOW 1411
RUSBAE/AMEMBASSY NEW DELHI 1083
ZEN/AMCONSIL PESHAWAR POUCH
RUEHRO/AMEMBASSY ROME 620
RUQMHR/AMEMBASSY TEHRAN 5339
RUEHDT/USUN NEW YORK 1814
BT

C O N F I D E N T I A L ISLAMABAD 7900

PACOM FOR POLAD; GENEVA FOR US/UNHCR

E.O. 12065: RDS-4 7 JUL 1979 (HAGERTY, H.G) OR-P
TAGS: SREF PGOV PK AF
SUBJECT: (U) AFGHAN REFUGEE TOTAL UP ANOTHER 25,000

REFS: (A) ISLAMABAD 6718 (B) STATE 181724 (C) ISLAMABAD 7277

1. (U) PAKISTAN GOVERNMENT HAS RELEASED NEW FIGURES FOR NUMBER OF AFGHAN REFUGEES NOW IN PAKISTAN; TOTAL NOW APPROXIMATE 125,000 AND GOING UP. BY PROVINCE THE NUMBERS BREAK DOWN AS FOLLOWS: BALUCISTAN-39,616; NORTH WEST FRONTIER PROVINCE-85,068. RISE IN NUMBERS INDICATES THAT THE FLOW IS CONTINUING AT ABOUT THE SAME 5000-PLUS PER WEEK PACE OF MAY 1979.

2. (C) INFORMED BALUCHI CONTACT OF CONSULATE KARACHI TOLD ACTING PRINCIPAL OFFICER AND POLCOUNS IN KARACHI ON 14 JULY THAT MOVE IS NOW UNDERWAY BY GOP TO SHIFT AS MANY AS 25,000 OF THE AFGHAN REFUGEES IN BALUCISTAN NOT JUST AWAY FROM THE AFGHAN BORDER AREA BUT OUT OF THE PROVINCE ALTOGETHER. HE INDICATED REFUGEES WILL BE SETTLED IN CAMPS IN WESTERN PUNJAB, WHICH IS NEWS TO US BUT WE ARE CHECKING FURTHER.

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BT
#7900

16 Jul 79 13 51z

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NNNNVV ESA960ESA945MJC038
00 RUQMHR
DE RUSBD #8015 1981006
ZNY CCCCC ZZH
P R 170915Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUSBAE/AMEMBASSY NEW DELHI IMMEDIATE 1094
RUEHC/SECSTATE WASHDC PRIORITY 3925
INFO RUOMGU/AMEMBASSY ANKARA 4155
RUMJPG/AMEMBASSY BEIJING 573
RUMJGM/AMEMBASSY COLOMBO 1741
RUMJDK/AMEMBASSY Dacca 3397
RUQIRA/AMEMBASSY JIDDA 812
RUSBLK/AMEMBASSY KABUL 9442
RUSBKR/AMCONSIL KARACHI 8338
RUMJHT/AMEMBASSY KATHMANDU 1753
ZEN/AMCONSIL LAHORE 6451
RUDIC/AMEMBASSY LONDON 4128
RUEHMO/AMEMBASSY MOSCOW 1412
ZEN/AMCONSIL PESHAWAR POUCH
RUQMHR/AMEMBASSY TEHRAN 5341-
RUHQQA/CINCPAC HONOLULU HI
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C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8015

CINCPAC FOR POLAD:

E.O. 12065: NA
TAGS: PEPF PGOV SOPN PK IN
SUBJECT: PAKISTAN REACTION TO FALL OF DESAI GOVERNMENT

REF: NEW DELHI 12437

1. THE REACTION IN PAKISTAN TO EVENTS IN NEW DELHI IS ONZ OF WATCHFUL WAITING, WITH NOT A LITTLE ANXIETY FELT ABOUT THE SUDDEN TURN OF EVENTS WHICH HAS TURNED THE KNOWN AND FRIENDLY DESAI GOVERNMENT INTO A NEW QUESTION MARK FOR PAKISTANI POLICY-MAKERS. NO GOP SPOKESMAN HAS MADE ANY COMMENT, AND NONE IS EXPECTED.

2. PRESS COVERAGE OF THE DELHI DRAMA IS EXTENSIVE AND ESSENTIALLY FACTUAL, WITH NEITHER OF THE LEADING CANDIDATES MENTIONED AS POSSIBLE SUCCESSORS TO DESAI--JAGJIVAN RAM OR CHARAN SINGH--CHARACTERIZED IN ANY TERMS WHICH WOULD SUGGEST HIS SUCCESSION WOULD BE INIMICAL TO PAKISTAN'S INTERESTS OR INDOPAK AMITY. LITTLE MENTION IS MADE OF JANA SANGH OR OTHER JANA COMPONENTS.

3. EDITORIALY, THE TWO LEADING URDU-LANGUAGE PAPERS, JAN AND NAWA-I-WAQF--ALWAYS MORE SENSITIVE TO EVENTS IN INDIA THAN THE ENGLISH-LANGUAGE PRESS BECAUSE URDU IS THE LANGUAGE OF THOSE WHO CAME TO PAKISTAN IN 1947--COMMENTED HOPEFULLY ON 17 JULY. JANG SUGGESTS THAT ALTHOUGH HINDU-MUSLIM RIOTS OF THIS YEAR AND LAST "BADLY TARNISHED" THE IMAGE OF THE DESAI GOVERNMENT, DESAI'S TIME AT THE HELM IN DELHI HAS BEEN A PERIOD OF INCREASED MUTUAL COOPERATION AND FRIENDLY RELATIONS BETWEEN INDIA AND PAKISTAN; INDIA'S NEXT PRIME MINISTER "MUST FOLLOW DESAI'S POLICIES VIS-VIS PAKISTAN," JANG SAYS, OMITTING IN THIS HOPE THE CUSTOMARY "INSHALLAH" THAT USUALLY ACCOMPANIES SUCH EXPRESSIONS HERE.

4. NAWA-I-WAQF ALSO COMMENTS FAVORABLY ON THE DESAI PERIOD AND EXPRESSES THE HOPE THAT HIS SUCCESSOR WILL FOLLOW DESAI'S POLICIES. IN AN ASIDE OBVIOUSLY DIRECTED AT THE PAKISTAN NATIONAL ALLIANCE (PNA), THE NEAREST PAKISTANI POLITICAL EQUIVALENT TO THE INDIAN JANATA, NAWA-I-WAQF SUGGESTS THAT THE FALL OF THE DESAI GOVERNMENT CARRIES WITH IT THE MORAL THAT "AN ALLIANCE BASED ON POLITICAL EXPEDIENCY IS ALWAYS SHORT-LIVED AND EVENTUALLY BREAKS UP."

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#8015

17 Jul 79 12 15z

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19 Jul 79 06 03z

PP RUQMR
DE RUSBD #8088 20005 15
ZNY SSSSS ZZH
P 190422Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WA DC PRIORITY 3966
INFO RUQMGU/AMEMBASSY ANKARA 4158
RUMJPG/AMEMBASSY BEIJING 575
RUFHOL/AMEMBASSY BONN 617
RUMJGM/AMEMBASSY COLOMBO 1744
RUMJDK/AMEMBASSY Dacca 3402
RUDKGPQ/AMEMBASSY THE HAGUE 194
RUQMR/AMEMBASSY JIDDA 815
RUSBLK/AMEMBASSY KABUL 8455
RUDTC/AMEMBASSY LONDON 4132
RUEHMO/AMEMBASSY MOSCOW 1413
RUSBAE/AMEMBASSY NEW DELHI 1103
RUFNPS/AMEMBASSY PARIS 3132
RUQMR/AMEMBASSY TEHRAN 5345
RUEHKO/AMEMBASSY TOKYO 520
RUQMTI/AMEMBASSY TRIPOLI 128
RUFHAU/AMEMBASSY VIENNA 242
RUEHOT/USUN NEW YORK 1815
RUHQHQA/CINCPAC HONOLULU HI
BT

SECRET ISLAMABAD 8088

NOFORN

E.O. 12065: XDS-2 18 JULY 09 (HAGERTY, H.G.) OR-P
TAGS: MNUC, FARM, PEPR, PGOV, PK, US
SUBJECT: (S) PAKISTANI PUBLIC RELATIONS CAMPAIGN ON NUCLEAR I
REFS: (ALL NOTAL): (A) TOKYO 12663 (B) TRIPOLI 1125
(C) ISLAMABAD 7888 (D) ISLAMABAD 7512

1. (S - ENTIRE TEXT).

2. H EVIDENCE IN WIDELY SCATTERED PLACES (REFS A AND B) OF
PAKISTANI DENIALS OF NUCLEAR WEAPONS PROGRAM ACCUSATIONS
AND EFFORT TO "SET RECORD STRAIGHT" ARE CLEARLY FIRST
MANIFESTATION OF GOP DECISION -- TAKEN AT WEEK-LONG
PAK CHIEFS OF MISSION CONFERENCE OVER WHICH PRESIDENT
ZIA UL-HAQ PRESIDED IN ISLAMABAD IN EARLY JULY (REF.
C). DRUMBEAT WILL OBVIOUSLY CONTINUE.

3. SENSITIVE SRF REPORTING ON PROCEEDINGS OF COM CONFERENCE
SUGGESTS THAT THIS IS A DELIBERATE GOP SMOKESCREEN
AND THAT WHILE MANY PARTICIPANT COM PRIVATELY DOUBTED THE
TRUTH OF THE GOP LINE ON THIS SUBJECT, FEW WERE
CONCERNED ABOUT GOP NUCLEAR PLANS.

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Pol
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NNNNVV ESA251MJC106

PP RUQMR
DE RUSBD #8102 2001000
ZNY CCCCC ZZH
P 190837Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC PRIORITY 3972
RUSBAE/AMEMBASSY NEW DELHI PRIORITY 1104
INFO RUQMGU/AMEMBASSY ANKARA 4159
RUMJPG/AMEMBASSY BEIJING 576
RUMJGM/AMEMBASSY COLOMBO 1745
RUMJDK/AMEMBASSY Dacca 3403
RUQMR/AMEMBASSY JIDDA 816
RUSBLK/AMEMBASSY KABUL 8456
RUMJHT/AMEMBASSY KATHMANDU 1758
RUSBKR/AMCONSUL KARACHI 8352
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4134
ZEN/AMCONSUL PESHAWAR
RUQMR/AMEMBASSY TEHRAN 5346
RUHQHQA/CINCPAC HONOLULU HI
BT

CONFIDENTIAL ISLAMABAD 8102

CINCPAC FOR POLAD

E.O. 12065: GDS 19 JULY 85 (HAGERTY, G.G.) OR-P
TAGS: PINT, PEPR, PGOV, SHUM, PK, IN
SUBJECT: (C) ZIA UL-HAQ, ELECTIONS, AND THE INDIAN SITUATION

REFS: (ALL NOTAL): (A) ISLAMABAD A-49 (B) ISLAMABAD 7706
(C) ISLAMABAD 5223 (D) NEW DELHI 12615 (E) ISLAMABAD
8048

1. (U) ALL ENGLISH-LANGUAGE PAPERS REPORT THIS MORNING
A SHORT PAKISTAN WIRE SERVICE GIST OF COMMENTS MADE BY
PRESIDENT ZIA UL-HAQ IN A RECENT INTERVIEW WITH NEWSWEEK'S
TONY CLIFTON. SUBJECTS ADDRESSED INCLUDED GENERAL AND
LOCAL BODIES POLLS, THE BHUTTO WOMEN, THE PAKISTAN PEOPLES
PARTY (PPP), AND THE GENERAL'S OWN FUTURE.

2. (U) IN HIS REMARKS, ZIA:
-- REAFFIRMED HIS RESOLVE TO HOLD GENERAL ELECTIONS
THIS YEAR, EVEN IF THAT MEANS PUTTING OFF HIS CHERISHED
HOPES OF HOLDING ELECTIONS BEFOREHAND TO DISTRICT AND MUN-
ICIPAL COUNCILS (REF. A);
-- ADMITTED THAT THERE ARE CONDITIONS -- INTERNAL
DISORDER OR EXTERNAL THREAT -- WHICH COULD EFFECT THE
ELECTION SCHEDULE, BUT SAID HE FORESEES NO SUCH CONDITIONS
AT THE MOMENT;
-- REASSERTED HIS FAITH IN THE LOCAL BODIES SYSTEM
HE HAS OFFERED AS A MEANS OF GETTING DEMOCRACY FUNCTION-
ING AT THE GRASS ROOTS LEVEL, BUT TOOK NOTE OF UN-
ANIMOUS OPPOSITION FROM THE NATION'S POLITICIANS WHO,
HE SAID, APPEAR TO HIM TO WANT TO GET THEMSELVES ELECTED
FIRST AT THE NATIONAL LEVEL SO AS TO BE ABLE TO
INFLUENCE THE OUTCOME OF LOCAL BODIES POLLS;
-- PLEDGED THAT THE PPP WILL HAVE FULL FREEDOM
TO PARTICIPATE IN THE ELECTIONS; HE CLAIMED CREDIT

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FOR RESTORING THE SUPREMACY OF THE LAW IN THE COUNTRY, AND HE ADDED THAT IF SOMEONE CONSIDERS HIM A TRAITOR OR USURPER, THAT PERSON WOULD BE FREE TO TRY HIM, EVEN SEND HIM TO THE GALLOWES;

-- SUGGESTED THAT THE RELEASE FROM DETENTION OF BHUTTO'S WIFE NUSRAT AND DAUGHTER BENAZIR DID NOT MEAN THEY ARE ABSOLVED FROM "ACCOUNTABILITY;" HE SPECIFIED NO CHARGE AGAINST BENAZIR BUT NOTED THAT NUSRAT IS INVOLVED ALREADY IN DISQUALIFICATION PROCEEDINGS BECAUSE OF MIS-USE OF POWER;

-- PROPHESED HIS OWN RETIREMENT AFTER ELECTIONS, NOTING HE COULD LEGALLY STAY ON THROUGH MARCH 1980 AS CHIEF OF ARMY STAFF (COAS) BUT OPINING THAT IT WOULD BE BETTER FOR AN ELECTED GOVERNMENT TO APPOINT A NEW COAS.

3. (C) COMMENT: WE HAVE NOT YET SEEN THE FULL NEWSWEEK INTERVIEW BUT REPORT THIS ONLY BECAUSE IT IS WHAT THE OFFICIAL PRESS SERVICE HERE GISTED FOR PAKISTANI EYES. MUCH OF WHAT ZIA SAID HE HAS SAID BEFORE; THUS THESE COMMENTS REFLECT MAINLY AN UPDATED PUBLIC REASSERTION, WITH THE ONE EXCEPTION OF HIS WAVERING VIEWS ON LOCAL BODIES POLLS.

4. (C) THERE HAVE BEEN RECENT HINTS THAT THE PRESIDENT HAS BEEN CONSIDERING HOW BEST TO WRIGGLE BACK FROM THE LONG THIN BRANCH HE HAD CRAWLED OUT ONTO WITH HIS EARLY COMMITMENT TO LOCAL BODIES POLLS. BEFORE NATIONAL ELECTIONS. THERE HAS EVEN BEEN SPECULATION THAT HE WOULD BE PREPARED TO BARTER AWAY THE LOCAL BODIES POLLS ISSUE IN RETURN FOR AN EASING OF POLITICIANS' PRESSURES ON THE MORE SENSITIVE BUDGET ISSUE (REF B), WHICH APPEARS IN ANY EVENT TO BE ABATING SOMEWHAT. WHETHER PART OF SUCH A DEAL OR NOT, THE POLITICIANS WILL BE QUICK TO PICK UP HIS WILLINGNESS TO BACK AWAY ON THE LOCAL BODIES POLLS ISSUE WHICH THEY CONTINUE TO FEAR FOR THE PRECISE REASONS ZIA INDICATES (REF C).

5. (C) STILL TO BE ASSESSED IS THE IMPACT OF INDIAN DEVELOPMENTS ON THE POLITICAL SCENE HERE. THE MOOD IS SOBER AND WATCHFUL; THERE IS A CERTAIN SADNESS IN SEEING THE FAMILIAR MORARJI DESAI GO DOWN. MIXED WITH A MEASURE OF ANXIETY ABOUT THE IMPLICATIONS OF HIS FALL AND PERHAPS A LITTLE SATISFACTION THAT INDIA TO HAS PROBLEMS. IF, AS NOW SEEMS PROBABLE FROM THE PRESS ACCOUNTS HERE, THE INDIAN PRESIDENT IS EMBARKED ON A PROCESS OF DEMONSTRATING THAT NO OTHER LEADER CAN COMMAND A MAJORITY BEFORE DECIDING IN FAVOR OF MID-TERM POLLS, THAT COULD HAVE IMPORTANT RIPPLES HERE. MOST OF OUR CONTACTS SUGGEST THAT AN INDIAN DECISION TO GO TO THE POLLS SOME TIME IN THE NEXT 8 WEEKS WOULD MAKE IT EVER MORE DIFFICULT FOR PRESIDENT ZIA UL-HAQ OR HIS COLLEAGUES AND POLITICAL SUPPORTERS TO CONTEMPLATE A FURTHER DELAY IN NATIONAL POLLS HERE IN PAKISTAN -- ALMOST IRRESPECTIVE OF THE ACTUAL ELECTION RESULTS IN INDIA.

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23 JUL 79 12 32Z

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00BQD #8231 2041145

00CCC ZZH

001030Z JUL 79

00EMBASSY ISLAMABAD

00HHC/SECSTATE WASHDC IMNZYJY 4017

00HUSBAY/AMCONSUL BOMBAY 479

00M/AMEMBASSY COLOMBO 1749

00K/AMEMBASSY Dacca 3409

00K/AMEMBASSY KABUL 9468

00K/AMCONSUL KARACHI 8379

00K/AMEMBASSY KATHMANDU 1760

00AMCONSUL LAHORE

00AF/AMEMBASSY NEW DELHI 1119

00AMCONSUL PESHAWAR

00H/AMEMBASSY TEHRAN 5349

00AAB/CINCUSAFE RAMSTEIN AB

00AAA/CINCUEUR HEIDELBERG

00AHA/CINCUSNAVEUR LONDON

00AAA/COMEDASTFOR

00CCC/COMSIXTHFLT

00AKA/NAVSUPPACT NAPLES

00AAA/USCINCEUR VAHINGEN

N F I D E N T I A L

00HED OFFICIAL USE ISLAMABAD 8231

0012065 N/A

001: AMER, OGEN, CGEN

001: EMERGENCY AND EVACUATION: ESTIMATED NUMBER OF POTENTIAL
001: REES AND PRIVATE AMERICANS RESIDING ABROAD (FY-79)

001: STATE A-2898

001: IN LIMITED OFFICIAL USE

001: 1: ESTIMATED NUMBER OF POTENTIAL EVACUEES

001: 00D PERSONNEL: 25

2. DEPENDENTS OF DOD PERSONNEL: 34
 3. OTHER USG PERSONNEL: 89
 4. DEPENDENTS OF USG PERSONNEL: 162
 5. AMERICAN RESIDENTS 339 (ACTUALLY REGISTERED 292)
 6. AMERICAN TOURISTS:
 3RD QTR 4TH QTR 1QTR 2ND QTR
 20 8 8 8
 7. OTHER POTENTIAL EVACUEES: 20
 8. TOTAL: 689
 END-LIMITED OFFICIAL USE/BEGIN UNCLASSIFIED:
 PART II: PRIVATE AMER! N RESIDING ABROAD
 A. BUSINESSMEN: 19
 B. EMPLOYEES 14
 C. STUDENTS (OVER AGE 18): 0
 N
 X
 T MISSIONARIES: 40
 3. DEPENDENTS OF ABOVE: 104
 F. RETIRED AND THEIR DEPENDENTS: 72
 G. OTHERS: 90 (SCHOOL TEACHERS AND THEIR DEPENDENTS;
 UNREGISTERED DEPENDENTS OF PAKISTAN
 NATIONALS)
 H. TOTAL: 339
 HUMMEL
 BT
 #8231

NNNNV ESB103MJC327
 RR RUQMHR
 DE RUSJHD #9265 205745
 ZNY CCCCC ZZH
 B 240523Z JUL 79
 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC 4030
 NUSBLK/AMEMBASSY KABUL 9472
 INFO RUHQHQA/CINCPAC HONOLULU HI
 RUMJPG/AMEMBASSY BEIJING 579
 RUMJGM/AMEMBASSY COLOMBO 1750
 RUMJDK/AMEMBASSY DACCA 3411
 RUMJHT/AMEMBASSY KATHMANDU 1761
 RUSBKR/AMCONSUL KARACHI 8390
 ZEN/AMCONSUL LAHORE
 RUEHMO/AMEMBASSY MOSCOW 1479
 NUSBAE/AMEMBASSY NEW DELHI 1125
 ZEN/AMCONSUL PESHAWAR
 RUQMHR/AMEMBASSY TEHRAN 5350
 BT
 C O N F I D E N T I A ISLAMABAD 8265

PACOM FOR POLAD

E.O. 12065 RDS-1 24 JULY 1989 (HAGERTY, H.G.) OR -P
 TAGS: PEPR, PROG, HFBOR, PK, AF
 SUBJ: (C) SHAHI VISIT TO KABUL NOT LIKELY BEFORE SEPTEMBER

REF: ISLAMABAD 7363

1. (C)-ENTIRE TEXT; PROTECT FGI.

2. IN HIS COMMENTS TO ME ON AFGHAN SITUATION DURING
 OUR MEETING ON 23 JULY, FONSEC SHAHNAWAZ CONFIRMED
 IN ALL PARTICULARS VERSION OF HIS TALKS WITH AFGHAN
 DEPUTY FOREIGN MINISTER DOST PREVIOUSLY PROVIDED TO US
 BY MFA DIRECTOR GENERAL AMIR USMAN. HE OBSERVED THAT
 REASON FOR LACK OF FINAL COMMUNIQUE WAS INABILITY OF BOTH
 SIDES TO AGREE ON WORD TO DESCRIBE THE NOW MORE
 THAN 140, AFGHANS WHOM HE CLAIMS HAVE CROSSED OVER
 INTO PAKISTAN SINCE APRIL 1978. DOST INSISTED ON
 USING WORD "FUGITIVES;" PAK SIDE WOULD NOT ACCEPT
 THAT BUT FOUND ALL OTHER FORMULATIONS REJECTED BY
 DOST. FONSEC SAID HE TOLD DOST IT MATTERS LITTLE
 WHAT YOU CALL THEM; THEY HAVE FLED AFGHANISTAN THEIR NUMBERS
 ARE LARGE AND INCREASING, AND THEY ARE A BURDNE ON PAKISTAN.

3. FONSEC SPECULATED THAT AGFA SHAHI VISIT TO
 AFGHANISTAN CANNOT NOW TAKE PLACE BEFORE RAMAZA AND

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INDICATED AT ANOTHER POINT IN THE COVERSATION THAT AGHA SHAHI WOULD BE TIED UP IN THE NAM SUMMIT IN HAVANA FROM 1 SEPTEMBER ONWARD. THAT SEEMS TO ME TO LEAVZ LITTLE TIME FOR A SHAHI VISIT TO KABUL UNTIL SOME TIME IN MID-TO-LATE SEPTEMBER. HUMMEL BT #8265

25 Jul 79 03 10z

NNNNVV ESB100MJC322
RR RUQMER
DE RUSBDQ #8266 205735
ZNY CCCCC ZZH
R 240527Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4031
INSZ RUMJPG/AMEMBASSY BEIJING 590
RUDKRB/WMEMBASSY BELGRADE 113
RUMJGM/AMEMBASSY COLOMBO 1751
RUMJDK/AMEMBASSY Dacca 412
RUQMRA/WMEMBASSY JIDD 18
RUDTC/AMEMBASSY LONDON 4139
RUEHMO/AMEMBASSY MOSCO
1420
RUSBAE/AMEMBASSY NEW DELHI 1126
RUFNPS/AMEMBASSY PARIS 3140
RUQMER/AMEMBASSY TEHRAN 5351
RUEHUB/USINT HAVANA 06
BT
C O N F I D E N T I A L ISLAMABAD 8266

E.O. 12065: RDS-1 23 JULY 85 (HAGERTY, H.G.) OR-P
TAGS: PORG, PEPR, OVIP, PK, US
SUBJ: (C) PRESIDENT ZIA UL-HAQ TO ATTEND HAVANA NAM SUMMIT

REF: ISLAMABAD 7830 (NOTAL)

1. (C) ENTIRE TEST; PROTECT FGI.

2. DURING MY CALL ON FOREIGN SECRETARY SHAHNAWAZ JULY 23 ON OTHER MATTERS, I BN-: #34 3;34-) 95#34 5908:, AMONG THEM THE FORTHCOMING NON-ALIGNED SUMMIT IN HAVANA.

3. FONSEC TOLD ME THAT PAKISTAN WILL BE SENDING MUCH THE SAME TEAM TO HAVANA IT HAD SENT TO COLOMBO, I.E., AMBASSADORS AKHUND, NAIK, AND SAQIB TO THE OFFICIALS-LEVEL MEETINGS IN LATE AUGUST AND FOREGIN ADVISOR AGHA SHAHI TO THE FOREIGN MINISTERS' GATHERING ON ABOUT 1 SEPTEMBER. HE THEN SAID THAT PRESIDENT ZIA UL-HAQ WILL ATTEND THE SUMMIT MEETING BEGINNING AROUND 4 SEPTEMBER AND RUNNING UNTIL ABOUT THE 7TH.

4. TO MY QUESTION ON WHETHER OR NOT A FORMAL DECISION HAD BEEN MADE ON ZIA'S ATTENDANCE, FONSEC SIMPLY SMILED AND SAID IT IS "IMPERATIVZ" THAT HE GO "NOW THAT WE WILL BE FULL MEMBERS" OF THE NAM. A CUBAN MINISTER,

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CHRON

HE SAID, WILL BE VISITING PAKISTAN SOON WITH THE
FORMAL INVITATION.

5: COMMZNT: AS DEPARTMENT IS AWARE, ZIA'S WIFE AND
TWO DAUGHTERS ARE IN WASHINGTON IN CONNECTION WITH
MEDICAL TREATMENT AT CHILDRENS HOSPITAL FOR THE YOUNGER
OF THE GIRLS. THEY ARRIVED IN MID-JULY FOR WHAT WAS TO
BE A STAY OF ABOUT 45 DAYS, I.E., UNTIL ABOUT 1 SEPTEMBER.
THERE HAS ALSO BEEN SPECULATION THAT ZIA MIGHT WISH
TO VISIT THEM WHILE IN THE UNITED STATES. I WOULD
HAZARD THAT THERE NOW IS A SERIOUS POSSIBILITY THAT ZIA
WILL TRANSIT THE UNITED STATES -- POSSIBLY WASHINGTON --
ON HIS WAY TO HAVANA, HEITHER TO VISIT WITH HIS FAMILY
(WND PRESUMABLY AMERICAN OFFICIALS AS WELL) OR
TO PICK THEM UP TO TEF THSVVZITH HIM TO HAVANA. HUMMEL
BT
#8266

26 Jul 79 U3 112

NNNNV ESR133MJC022
R RUQMHR
RUSBDQ #8356 2061100
NY CCCCC ZZE
251002Z JUL 79
AM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4058
INFO RUMJGM/AMEMBASSY COLOMBO 1756
RUMJDK/AMEMBASSY DACCA 3417
RUSRLK/AMEMBASSY KABUL 9483
RUMJET/AMEMBASSY KATEMANDU 1767
RUSBR/AMCONSUL KARACHI 8407
RAN/AMCONSUL LAHORE
RAN/AMCONSUL PESHAWAR
RUDTC/AMEMBASSY LONDON 4144
RUMJMA/AMEMBASSY MANILA 1360
RUSBAE/AMEMBASSY NEW DELHI 1135
RUFNPS/AMEMBASSY PARI 1145
RUQMHR/AMEMBASSY TERN 5355
BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 8356

MANILA FOR ADB
PARIS ALSO RIS C

E.O. 12065: N/A
TAGS: EPIN,FEAID, EAGR, PK
SUBJ: (U) KHURSHID AHMED REVIEWS THE PFY 1979/80 BUDGET

MANILA FOR ADB
PARIS ALSO FOR OECD

1. ON JULY 22, PROFESSOR KHURSHID AHMAD, FORMER MINISTER
AND DEPUTY CHAIRMAN OF THE PLANNING COMMISSION AND NOW
HEAD OF THE NEWLY CREATED INSTITUTE FOR POLICY STUDIES,
MADE PUBLIC HIS ANALYSIS AND RECOMMENDATIONS ON THE PFY
1979/80 BUDGET. PROFESSOR KHURSHID'S REPORT REFLECTS
BOTH HIS TRAINING AS AN ECONOMIST AND HIS FUNDAMENTALIST
ISLAMIC VIEW OF THE WORLD. IN THE COURSE OF ADVOCATING A
NEW ECONOMIC STRATEGY FOR PAKISTAN BASED ON GROWTH WITH
EQUITY TO BE BROUGHT ABOUT BY A REDISTRIBUTION OF WEALTH,
A RETURN TO A MORE AUSTERE MODE OF LIFE, A COMMITMENT
TO INDIVIDUAL INITIATIVE AND ENTERPRISE, AND AN EMPHASIS
ON SOCIAL WELFARE AND BASIC HUMAN NEEDS, HE MANAGES TO
COME UP WITH THE MOST COFFIN CRITICISM OF THE BUDGET TO
DATE AND SEVERAL MORE-OR-LESS COGENT IDEAS. HE CRITICIZ

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THE BUDGET AS EXTAVAGANT IN ORDINARY EXPENDITURES, CONTINUING THE POLICIES OF PREVIOUS REGIMES IN DEVELOPMENT SPENDING AND FOLLOWING AN ANTIQUATED TAX AND IMPORT POLICY WHICH DOES NOT CURB LUXURY CONSUMPTION AND PUTS MOST OF THE BURDEN ON THOSE WHO CAN LEAST AFFORD TO PAY. ON A MORE STRICTLY ISLAMIC NOTE, THE REPORT CALLS THE BUDGET AN "ANTI-CLIMAX TO THE DECLARATION OF THE 12TH RABI-UL-AWWAL" (THE ANNOUNCED INTRODUCTION OF NIZAM-I-ISLAM IN PAKISTAN) ESPECIALLY WITH REGARD TO THE ISLAMIC CONTRIBUTIONS OF ZAKAT AND USHR, WHICH KHURSHID BELIEVES SHOULD HAVE A PLACE IN AN ISLAMIC-ORIENTED FISCAL SYSTEM, AND INTEREST FREE BANKING WHICH IS NOT ADDRESSED IN THE BUDGET. HOWEVER, THE REPORT ALSO IS SILENT AS TO HOW THESE THINGS COULD BE BROUGHT INTO THE BUDGET. THE RECOMMENDATIONS IN THE REPORT CONCENTRATE HEAVILY ON THE EXPENDITURE SIDE OF THE BUDGET, REFLECTING PROFESSOR KHURSHID'S DESIRE TO CUT DOWN ON WHAT HE BELIEVES IS WASTEFUL AND BADLY-DISTRIBUTED CONSUMPTION. HE THINKS CUTS IN SPENDING TOTALING RS. 6 BILLION AND MOBILIZATION OF RESOURCES THROUGH THE INCENTIVES TO THE PRIVATE SECTOR MIGHT REDUCE THE RS. 11.1 BILLION RESOURCE GAP TO RS. 2-2.5 BILLION.

2. KHURSHID AHMED RECOMMENDS CUTTING NON-DEVELOPMENT EXPENDITURE (ORDINARY EXPENDITURE) BY ABOUT RS. 2 BILLION FROM RS. 29.1 BILLION TO RS. 27.1 BILLION. WHILE RECOGNIZING THE IMPORTANCE OF DEFENSE, HE NEVERTHELESS RECOMMENDS THAT DEFENSE SPENDING, WHICH CONSTITUTES OVER 40 PERCENT OF ORDINARY EXPENDITURES, BE REDUCED BY 2 PERCENT (RS. 235 MILLION) AS A SHOW OF ARMY ACCEPTANCE OF THE NEED TO REDUCE SPENDING IN GENERAL. HE WOULD SUBJECT ALL OTHER LINE ITEMS TO AN ARBITRARY 12 PERCENT ACROSS THE BOARD CUT, SAVING RS. 275 MILLION, WHILE ALSO REDUCING SUBSIDIES BY RS. 726 MILLION BY REDUCING THE WHEAT SUBSIDY STILL FURTHER AND BY ELIMINATING THE SUBSIDY ON AGRICULTURAL INPUTS TO FARMS OF GREATER THAN 25 HECTARES. REGARDING SUBSIDIES, HE SAYS THAT "THERE IS VERY LITTLE ECONOMIC OR SOCIAL JUSTIFICATION FOR SUBSIDIES IN PAKISTAN". HOWEVER, HE DOES ADVOCATE A MODIFICATION OF THE FERTILIZER SUBSIDY IN THE DEVELOPMENT BUDGET WHICH, AS WITH OTHER SUBSIDIES IN THE ORDINARY BUDGET, WOULD CONTINUE SUBSIDIES TO SMALL FARMERS, WHILE CUTTING RS. 97.8 BILLION FROM THE DEVELOPMENT BUDGET. (HOWEVER, LEAVING ASIDE THE MERITS OF A TWO TIERED PRICING SYSTEM, THE ADMINISTRATIVE PROBLEMS ASSOCIATED WITH GIVING THE SUBSIDY ON AGRICULTURAL INPUTS TO SMALL FARMERS ONLY WOULD BE ENORMOUS AND PROBABLY COULD NOT BE DONE.) HE ALSO NOTES THAT CIVIL ADMINISTRATION AS A PERCENT OF CURRENT

FACTOR COST GNP IS MORE THAN TWICE THAT OF INDIA AND MANY TIMES GREATER THAN OTHER DEVELOPING COUNTRIES.

#1

#6356

26 Jul 79 03 08z

NNNNVV ESB121MJC991
RR RUQMHR
DE RUSBQD #8356/2 2061145
ZNY CCCCC ZZE
R 251002Z JUL 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4059
INFO RUMJGM/AMEMBASSY COLOMBO 1757
RUMJDK/AMEMBASSY DACCA 3418
RUSBKR/AMCONSUL KARACHI 8408
RUSBLK/AMEMBASSY KAPUL 9484
RUMJHT/AMEMBASSY KATHMANDU 1768
RUDTC/AMEMBASSY LONDON 4145
RUMJMA/AMEMBASSY MANILA 1361
RUSBAE/AMEMBASSY NEW DELHI 1136
RUFNPS/AMEMBASSY PARIS 3146
RUQMHR/AMEMBASSY TEHRAN
ZEN/WMCONSUL LAHORE
ZEN/AMCONSUL PESHAWAR
BT
C O N F I D E N T I A L
LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD

MANILA FOR ADB

PARIS ALSO FOR OECD

3. HE RECOMMENDS THAT DEVELOPMENT SPENDING BE HELD TO LAST YEAR'S LEVEL OF RS. 19 BILLION BY A COMBINATION OF 1) AN ACROSS THE BOARD CUT OF 5 PERCENT, OR RS.1.1 BILLION, 2) A RS. 2 BILLION REDUCTION SPREAD AMONG VARIOUS PROJECTS, INCLUDING THE STEEL MILL AND FERTILIZER AND CEMENT PLANTS, ALONG WITH SOME PROJECTS DEEMED INAPPROPRIATE IN A TIME OF AUSTERITY SUCH AS THE ISLAMABAD SPORTS COMPLEX AND VARIOUS OTHER BUILDINGS. AND 3) THE REDUCTION OF THE FERTILIZER SUBSIDY MENTIONED ABOVE. DURING A PRESS CONFERENCE ON JULY 22, PROFESSOR KHURSHID EMPHASIZED HIS OPINION THAT MOST OF THE CUTS HE PROPOSED COULD BE MADE BY IMPROVING PROJECT ADMINISTRATION WITHOUT AFFECTING THE PHYSICAL PROGRESS OF THE PROJECTS. HE SAID THAT IN HIS TIME AS DEPUTY CHAIRMAN OF THE PLANNING COMMISSION, HE HAD SEEN ENOUGH WASTE, AND CORRUPTION TO KNOW THAT A GREAT DEAL OF MONEY COULD BE SAVED ON DEVELOPMENT BUDGET SIMPLY BY MORE CAREFUL MONITORING OF VARIOUS PROJECTS.

4. PROFESSOR KHURSHID ESTIMATES THE TOTAL INFLATIONARY IMPACT OF THE TAX PACKAGE INTRODUCED WITH THE BUDGET AT 25-30 PERCENT AND SAYS THAT IN "SELECTING THE ITEMS ON WHICH

TAXES HAD TO BE IMPOSED, THE BUDGET FRAMERS HAVE PUT THEIR FINGERS ON THOSE GOODS AND SERVICES WHICH AFFECT THE COMMON MAN". HE GOES ON TO CONDEMN THE IMPORT POLICY (ISLAMABAD 7512) AS NOT RESTRICTING LUXURY CONSUMPTION AND THE BUDGET AS INCREASING PAKISTAN'S DEPENDENCE ON FOREIGN AID AT A TIME WHEN THE TRADE DEFICIT IS INCREASING AND INTERNATIONAL DONOR COUNTRIES ARE BECOMING MORE RELUCTANT TO INCREASE AID TO PAKISTAN. HE DOES NOT MAKE ANY QUANTITATIVE RECOMMENDATIONS TO ALLEVIATE THE RESOURCE PROBLEM BUT SAYS THAT THE PRIVATE SECTOR SHOULD BE GIVEN INCENTIVES TO FACILITATE DOMESTIC RESOURCE MOBILIZATION AND ATTRACT MORE REMITTANCES FROM OVERSEAS PAKISTANIS. IF NEW TAXES SHOULD BECOME NECESSARY, THERE SHOULD BE AN EXTENSIVE REFORM OF TOTAL TAX POLICY TO MAKE ASSESSMENT MORE ACCURATE AND MAKE TAXES MORE PROGRESSIVE. HIS REPORT DOES NOT, HOWEVER, DISCUSS OR RECOMMEND AN AGRICULTURAL INCOME TAX WHICH COULD GO A LONG WAY TOWARDS REDUCING THE RESOURCE GAP.
5. COMMENT: HIS REPORT SAYS SOME OF THE THINGS THE INTERNATIONAL COMMUNITY HAS BEEN TELLING THE GOP ABOUT EXPANSIVE GOVERNMENT SPENDING, TOO MANY SUBSIDIES, AND OVER RELIANCE ON FOREIGN RESOURCES. THE REPORT'S RECOMMENDATIONS ON SPENDING PICK ON SOME OBVIOUS TARGETS, ALTHOUGH SOME ARE PROBABLY NOT PRACTICAL. ON THE RESOURCES SIDE, HE'S LESS SPECIFIC. LIKE MOST OF THE BUDGET CRITICS, KHURSHID WOULD LIKE TO SEE A BUDGET WITHOUT TAX INCREASES (ESPECIALLY INCREASES THAT HIT THE POOR, I.E., ALMOST EVERYONE) BUT HIS PROPOSALS TO ACHIEVE THIS END, BASED ON INVESTMENT INCENTIVES, ARE NOT CONVINCING AS A WAY TO MOBILIZE PRIVATE RESOURCES IN THIS TIME OF POLITICAL AND ECONOMIC UNCERTAINTY.
END COMMENT.

6. COPIES OF A 35-PAGE SUMMARY OF PROFESSOR KHURSHID'S REPORT BEING POUCHED TO NEA/PAB, INR/REC, EB/OMA AND TREASURY, OASIA (MC DEN). HUMMEL
BT
#8356

NNNNVV ESB122MJC982
RR RUQMHR
DE RUSBQD #8361 2061159
ZNY CCCCC ZZH
R 251055Z JUL 79

26 JUL 79 03 00

FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC 4062
INFO RUMJDK/AMEMBASSY DACCA 350
RUQMRA/AMEMBASSY JIDDA 823
RUSBLK/AMEMBASSY KABUL 9486
RUSBKR/AMCONSUL KARACHI 8411
RUSBAF/AMEMBASSY NEW DELHI 1183
RUQMHR/AMEMBASSY TEHRAN 5357
ZEN/AMCONSUL LAHORE
ZEN/AMCONSUL PESHAWAR
BT

C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8361

EO 12065 N/A

TAGS: PINT, PGOV, EGEN, SHUM, PK

SUBJ: SHIA MINORITY RESISTANCE TO SUNNI-ORIENTED ISLAMIZATION
CONTINUES

REF: (A) ISLAMABAD 7631, (B) ISLAMABAD 7201, (C) KARACHI
A-37, (D) LAHORE A-9

1. PAKISTANI URDU PRESS JULY 24 REPORTS THE SUNNI-DOMINATED
SOCIAL WELFARE LEVIES "ZAKAT" AND "USHR" (REFTEL A) WILL NOT
BE PROMULGATED IN THE NEAR FUTURE DUE TO CONTINUED RESIS-
TANCE FROM THE MINORITY SHIA COMMUNITY.

2. COMMENT: THE REPORT APPEARS TO HAVE SUBSTANCE TEND TO,
IN FACT, REPRESENT (AT LEAST TEMPORARY) SUCCESS IN THE SHIA
PROGRAM OF RESISTANCE TO ISLAMIZATION ALONG EXCLUSIVELY
SUNES.

3. ACCORDING TO SHIA SOURCES, THE ZAKAT AND USHR PRO-
GRAM IS BEING RECONSIDERED BY THE COP'S COUNCIL ON
ISLAMIC IDEOLOGY(CII) FROM WHICH THE PROPOSAL WILL BE
BUCKED BACK TO THE CABINET FOR RECONSIDERATION. THE
PROCESS MAY NOT SUBSTANTIVELY CHANGE THE PROGRAM BUT IS
AN EFFECTIVE "HOLDING OPERATION" WHICH PUTS OFF ANY
POSSIBLE IMPLEMENTATION UNTIL MUCH CLOSER TO PROMISED
ELECTIONS. AS THE POLITICAL PROCESS GETS INTO FULL-
SWING, THE SHIAS APPARENTLY FEEL, THE SUNNI PROPOSALS
MAY BECOME TOO HOT A POLITICAL ISSUE TO BE PUSHED
SERIOUSLY BY THE MLA. IT REMAINS TO BE SEEN WHETHER

THIS SHIA TACTIC WILL BE ULTIMATELY SUCCESSFUL, BUT IN
STALLING FOR TIME IT HAS ALREADY WORKED. END COMMENT.
MUMMEL
BT
#8361

NNNNVV ESA254MJC293
 RR RUQHR
 DE RUSBD #8446 2100630
 ZNY CCCCC ZZH
 R 290540Z JUL 79
 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC 4101
 INFO RUMJPG/AMEMBASSY BEIJING 584
 RUDKRB/AMEMBASSY BELGRADE 114
 RUMJGM/AMEMBASSY COLOMBO 1761
 RUSBLK/AMEMBASSY KABUL 9493
 RUSBRK/AMCONSUL KARACHI 8418
 RUOTC/AMEMBASSY LONDON 4148
 RUEHMO/AMEMBASSY MOSCOW 1425
 RUSBAE/AMEMBASSY NEW DELHI 1145
 RUQHR/AMEMBASSY TEHRAN 5360
 RUHQHQA/CINCPAC HONOLULU HI
 RUEHUB/USINTHAVANA 007
 ZEN/AMCONSUL LAHORE (POUCH)
 ZEN/AMCONSUL PESHAWAR (POUCH)
 BT
 C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8446

E.O. 12065: N/A
 TAGS: PEPR, PORG, PK, CU
 SUBJECT: CUBAN MINISTER VISITS

REF: ISLAMABAD 8266 (NOTAL)

1. (U) ANTONIO ESQUIVAL, THE CUBAN MINISTER FOR CHEMICAL INDUSTRIES AND PRESIDENT CASTRO'S SPECIAL ENVOY, ARRIVED IN PAKISTAN JULY 27. ESQUIVAL MET WITH PAKISTANI FOREIGN ADVISOR AGHA SHAHI IN KARACHI ON THE 27TH THEN PROCEEDED TO ISLAMABAD THAT EVENING.
2. (U) AGHA SHAHI TOLD THE PRESS AFTER HIS MEETING WITH ESQUIVAL THAT THEIR TALKS CONCERNED BOTH THE AGENDA FOR THE HAVANA MEETING AND PAK-CUBA BILATERAL RELATIONS. THE ONLY SPECIFIC POINT HE MENTIONED WAS THE AGREEMENT TO GRANT ACCREDITATION OF THE CUBAN AMBASSADOR IN BEIJING TO ISLAMABAD AS WELL.
3. (U) AGHA SHAHI TOLD THE PRESS HE WILL ATTEND THE HAVANA MEETING, ARRIVING DURING THE FINAL WEEK OF AUGUST.
4. (U) ESQUIVAL DINED WITH PRESIDENT ZIA UL-HAQ IN RAWALPINDI ON JULY 28 WHERE HE REPORTEDLY ASSURED ZIA OF CUBA'S SUPPORT FOR PAKISTAN'S MEMBERSHIP IN THE NAM. HE DELIVERED TO ZIA THE LETTER FROM CASTRO WHICH -- ALTHOUGH NO DETAILS WERE GIVEN -- APPARENTLY MADE THE SAME COMMITMENT.
5. (U) COMMENT: PAKISTAN'S DETERMINATION TO GAIN FULL NAM MEMBERSHIP IS STRONG AND AGHA SHAHI'S EARLY ARRIVAL AT HAVANA IS INDICATIVE OF HIS DECISION TO DO ALL POSSIBLE TO ASSURE A SMOOTH ENTRY INTO THE GROUP.
6. (U) THE VISIT BY THE CUBAN DELEGATION WAS LAID-ON WITH SHORT NOTICE, ACCORDING TO AN MFA OFFICIAL WHO COMPLAINED TO EMBOFF JULY 27 THAT THE PROTOCOL ARRANGEMENTS WERE MADE ONLY HOURS BEFORE THE ARRIVAL OF ESQUIVAL AND FOUR OTHER CUBANS, END COMMENT.

HUMMEL

BT
 #8446

29 Jul 79 09 48z

NNNNVV ESA271MJC323
 PP RUQHR
 DE RUSBD #8466 2101120
 ZNY CCCCC ZZH
 P R 291110Z JUL 79
 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC PRIORITY 4108
 INFO RUMJGM/AMEMBASSY COLOMBO 1763
 RUMJDK/AMEMBASSY DACCA 3425
 RUSBLK/AMEMBASSY KABUL 9496
 RUMJHT/AMEMBASSY KATHMANDU 1773
 RUSBRK/AMCONSUL KARACHI 8421
 ZEN/AMCONSUL LAHORE
 RUOTC/AMEMBASSY LONDON GURORO
 RUMJMA/AMEMBASSY MANILA 1362
 RUSBAE/AMEMBASSY NEW DELHI 1147
 RUENPS/AMEMBASSY PARIS 3152
 ZEN/AMCONSUL PESHAWAR
 RUQHR/AMEMBASSY TEHRAN 5361
 BT
 C O N F I D E N T I A L

LIMITED OFFICIAL USE ISLAMABAD 8466

MANILA FOR ADB
 PARIS ALSO FOR OECD

E.O. 12065: N/A
 TAGS: EFIN, EAD, EAGR, PK
 SUBJ(U) ZIA CHANGES THE BUDGET A LITTLE

REF: (A) ISLAMABAD 8414, (B) ISLAMABAD 8460

1. IN A SERMONIZING SPEECH ON THE MUCH-CRITICIZED BUDGET ON JULY 27, PRESIDENT ZIA-UL-HAQ DEFENDED THE BUDGET AND HIS FINANCE MINISTER, CALLED ON THE NATION TO TIGHTEN ITS BELT IN THE INTEREST OF HELPING PAKISTAN TO OVERCOME THE ECONOMIC MISMANAGEMENT OF THE PREVIOUS REGIME, AND SKETCHED A FEW REVENUE AND EXPENDITURE CUTS (PLUS ONE EXPENDITURE INCREASE) WITHOUT GIVING MANY DETAILS. HE ALSO CALLED FOR PROTECTING PAKISTAN'S SOVEREIGNTY, INCLUDING APPARENTLY ITS NUCLEAR OPERATION (REF.B), BY BECOMING LESS DEPENDENT ON FOREIGN AID. PRESIDENT ZIA RESCINDED THE PRICE INCREASES FOR KEROSENE AND NATURAL GAS USED IN HOUSES AS WELL AS THE INCREASED DUTY FOR IMPORTED MILK POWDER. HE ALSO ANNOUNCED SOME RELIEF FROM THE WEALTH TAX ON PROPERTY BY EXEMPTING PRINCIPAL RESIDENCES FROM THE TAX AND GAVE CIVIL SERVANTS EARNING RS. 1500 OR LESS A RS. 40 PER MONTH COST OF LIVING ALLOWANCE. ACCORDING TO PRELIMINARY INDICATIONS, THE NET EFFECT OF THE MEASURES, ESPECIALLY THE WAGE INCREASES, WILL PROBABLY BE TO INCREASE THE DEFICIT SLIGHTLY.

29 Jul 79 12 16z

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2. WITHOUT GIVING ANY DETAILS, HE ANNOUNCED A RS. 500 MILLION CUT IN NON-DEVELOPMENT (ORDINARY) EXPENDITURE (2 PERCENT) AND A RS. 800 MILLION REDUCTION IN THE DEVELOPMENT BUDGET (3.5 PERCENT). DR. H.M. QAZI, A MEMBER OF THE BUDGET REVIEW COMMITTEE, HAS TOLD US THAT THE CUT IN ORDINARY EXPENDITURE WAS CLOSE TO THE COMMITTEE'S RECOMMENDATION OF ABOUT RS. 650 MILLION WHICH WOULD HAVE COME IN ALL ITEMS INCLUDING DEFENSE. THE ANNOUNCED CUTS IN DEVELOPMENT SPENDING FELL SHORT OF THE COMMITTEE'S RECOMMENDED RS. 2 BILLION WHICH WOULD HAVE COME IN AS AN ACROSS THE BOARD CUT IN ADMINISTRATIVE EXPENSES AND CANCELLING SOME PROJECTS, BUT NOT TOUCHING THE KARACHI STEEL MILL, PORT QASIM, FERTILIZER PLANTS OR REDUCING THE FERTILIZER SUBSIDY. WE DON'T YET KNOW HOW THE ANNOUNCED CUTS ARE TO BE DISTRIBUTED, BUT WE DO THAT THE JUST-MENTIONED ITEMS WILL BE TOUCHED ANY WAY.

3. IN AN AUSTERITY CLAIM, ZIA SAID THAT PAKISTAN WOULD REDUCE THE NUMBER OF ITS EMBASSIES ABROAD AND TRIM EXPENSES AT THOSE REMAINING (REF B). HE ALSO ANNOUNCED A CIVIL SERVICE HIRING FREEZE, A BAN ON THE GOVERNMENT'S IMPORT OF OFFICIAL CARS ABOVE 1700 CC AND ISSUED AN ORDER TO ALL GOVERNMENT AGENCIES TO OBSERVE SIMPLICITY IN ALL OFFICIAL FUNCTIONS.

4. THE DETAILS OF THE CUTS ARE STILL BEING WORKED OUT AND WE WILL REPORT DETAILS ONCE THEY BECOME KNOWN.

BT
#8466

HUMMEL

104
...VVV ESA434MJC114
RUCMHR
RUSBQD #8543/1 2120415
BY CCCCC ZZH
10300Z JUL 79
AMEMBASSY ISLAMABAD
RUEHC/SECSTATE WASHDC PRIORITY 4137
TO RUMJGM/AMEMBASSY COLOMBO 1765
#JDK/AMEMBASSY DACCA 3429
#LKA/AMEMBASSY KABUL 9501
#JNY/AMEMBASSY KATHMANDU 1776
#BKR/AMCONSUL KARACHI 8432
#AMCONSUL LAHORE (POUCH)
DTC/AMEMBASSY LONDON 4153
#MNA/AMEMBASSY MANILA 1363
#DAE/AMEMBASSY NEW DELHI 1153
#PSP/AMEMBASSY PARIS 3156
#AMCONSUL PESHAWAR (POUCH)
#4/AMEMBASSY TEHRAN 5363

OWN F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 8543

MANILA FOR ADB

PARIS ALSO FOR OECD

0. 12065: N/A
QGS: EFIN, EAID, EAGR, PK
SUBJECT: BUDGET EXPENDITURES: SUBSIDIES, DEFENSE AND DEBT
SERVICE TAKE THE LION'S SHARE

REFS: (A) ISLAMABAD 7502, (B) ISLAMABAD 7706

1. SUMMARY: IN SPITE OF A RECORD PACKAGE OF NEW AND INCREASED TAXES DESIGNED TO INCREASE TAX REVENUES FROM ABOUT 13 TO JUST UNDER 14 PERCENT OF GNP, PAKISTAN'S BUDGET DEFICIT WILL STILL BE MORE THAN DOUBLE LAST YEAR'S ORIGINALLY BUDGETED DEFICIT BECAUSE OF EVEN LARGER INCREASES IN ORDINARY AND DEVELOPMENT EXPENDITURES. OUR 13 PERCENT FIGURE IS HIGHER THAN MUHAMMAD ISHAK'S 12 PERCENT QUOTED IN THE BUDGET SPEECH, BECAUSE HE USED THE REVISED PFY 1978/79 FIGURE IN HIS CALCULATIONS WHEREAS WE USED ORIGINAL BUDGET ESTIMATES. OUR GNP FIGURE FOR 1979/80 ASSUMES A 14 PERCENT GROWTH IN CURRENT PRICE GNP. MOST OF THE INCREASES IN THE DEVELOPMENT BUDGET COME IN THE FERTILIZER SUBSIDY, SPENDING ON GOVERNMENT-OWNED CORPORATIONS, E.G., THE KARACHI STEEL MILL, AND WATER AND POWER PROJECTS.

END SUMMARY.

Econ
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POL
Chro.
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31 JUL 79 07 10z

2. THE RESOURCE MOBILIZATION EFFORT IN THE CURRENT YEAR'S BUDGET APPEARS TO BE MOST INTENSIVE IN PAKISTAN'S HISTORY. AS A RESULT, MAINLY OF NEW AND INCREASED TAXES, TAX REVENUES ARE BUDGETED TO INCREASE BY 24 PERCENT, A FIGURE THAT IF REALIZED WILL ALMOST CERTAINLY SUBSTANTIALLY EXCEED THE INCREASE IN CURRENT PRICE GDP. OTHER RECEIPTS ARE BUDGETED TO FALL 11 PERCENT MAINLY BECAUSE OF LOWER RECEIPTS OF FOREIGN AID SO THAT TOTAL RECEIPTS ARE BUDGETED TO RUN ONLY 9 PERCENT OVER LAST YEAR'S ORIGINAL BUDGET. THIS LARGER TAX BURDEN IS BITTERLY RESENTED WITHIN PAKISTAN BUT SHOULD HAVE BEEN A CONTRIBUTION TO THE EFFORT TO GET PAKISTAN TO LIVE WITHIN ITS MEANS -- AN EFFORT SO UNIVERSALLY RECOMMENDED BY THE DONOR COMMUNITY. UNFORTUNATELY, HOWEVER, THE BENEFICIAL (IF DOMESTICALLY UNPALATABLE) EFFECTS OF THE TAX INCREASES WERE MORE THAN OFFSET BY EVEN MORE RAPID

BUDGETED INCREASES IN EXPENDITURES. EXPENDITURES ARE BUDGETED TO GROW BY ABOUT 21 PERCENT, SO THAT THE INITIAL BUDGETED DEFICIT IS MORE THAN DOUBLE THE INITIALLY BUDGETED (AND UNREALISTICALLY LOW) BUDGET DEFICIT IN FY 1978/79. THIS MESSAGE IDENTIFIES THE MAJOR INCREASES. IT IS BASED ON THE BUDGET AS PRESENTED JUNE 28. THE CHANGES INTRODUCED BY PRESIDENT ZIA ON JULY 27 ARE STILL BEING WORKED OUT, AND SHOULD HAVE A SMALL EFFECT ON THE THRUST OF THIS MESSAGE.

3. THE GROWTH IN EXPENDITURES IS HIGHER IN THE ORDINARY THAN IN THE DEVELOPMENT BUDGET, AND DESPITE THE RECENT INCREASE IN THE PRICE OF WHEAT AT THE RATION SHOPS, A LARGE PART OF THE INCREASED DEFICIT IS THE RESULT OF LARGER SUBSIDIES. LARGER BILLS FOR DEBT SERVICE (UP 17 PERCENT), DEFENSE SPENDING (UP 15 PERCENT) AND SUBSIDIES (UP 61 PERCENT) ACCOUNT FOR FOUR-FIFTHS OF THE TOTAL INCREASE IN NON-DEVELOPMENT EXPENDITURE. (THE FIGURE FOR SUBSIDIES DOES NOT INCLUDE THE SUBSIDY ON FERTILIZER, WHICH IS INCLUDED IN THE DEVELOPMENT BUDGET,) ALTHOUGH THE PERCENTAGE INCREASE IN THE DEFENSE BUDGET WAS LOWER THAN THE PERCENTAGE INCREASE FOR THE BUDGET AS A WHOLE, IT NONETHELESS AMOUNTED IN ABSOLUTE TERMS TO OVER \$150 MILLION, FOR THE LARGEST SINGLE INCREASE IN THE BUDGET. IN TERMS OF MILITARY NEEDS AND THE STATE OF READINESS OF THE PAKISTAN MILITARY, THE FIGURE IS UNDOUBTEDLY MODEST. RELATED EXPENDITURE INCREASES FOR CIVIL ARMED FORCES AND AFGHAN REFUGEES WOULD BRING TOTAL IDENTIFIABLE SECURITY EXPENDITURES AT \$220 MILLION.

4. WHILE THE INCREASE IN DEFENSE AND DEBT SERVICE AFFECTS MAINLY BUDGETARY RIGIDITIES, THE ENORMOUS SUBSIDY FIGURE INDICATES SEVERAL MALISES OF THE PAKISTAN ECONOMY. ABOUT \$65 MILLION IS SET ASIDE FOR "INCENTIVES" FOR COTTON TEXTILE EXPORTS TO MAKE THEM COMPETITIVE, WHILE A SIMILAR

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RUJGM/AMEMBASSY COLOMBO 1766
RJDK/AMEMBASSY Dacca 3430
RJLK/AMEMBASSY KABUL 9502
RJHT/AMEMBASSY KATHMANDU 1777
RJHR/AMCONSUL KARACHI 8433
RJAM/AMCONSUL LAHORE (POUCH)
RJTC/AMEMBASSY LONDON 4154
RJMA/AMEMBASSY MANILA 1364
RJBAE/AMEMBASSY NEW DELHI 1154
RJNPS/AMZMBASSY PARIS 3157
RJAMCONSUL PESHAWAR (POUCH)
RJQHR/AMEMBASSY TEHRAN 5364

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AMOUNT IS SET ASIDE TO SUBSIDIZE RAW COTTON EXPORTS. THERE WAS ALSO AN INCREASE OF RS. 32 MILLION IN THE PROVISION FOR REIMBURSING BANKS THAT LEND MONEY TO TRADERS BELOW THE PREVAILING RATE OF INTEREST AS FURTHER INCENTIVE FOR EXPORTS. THE EDIBLE OIL SUBSIDY TO HOLD DOWN CONSUMER PRICES ROSE RS. 324 MILLION.

THE REMAINING FIFTH OF THE INCREASE IN ORDINARY EXPENDITURES -- RS. 900 MILLION -- IS SPREAD OVER A NUMBER OF ITEMS SUCH AS THE TRANSFER TO THE FEDERAL GOVERNMENT OF COLLEGE AND UNIVERSITY EXPENSES PREVIOUSLY BORNE BY THE PROVINCES (RS. 224 MILLION), INCREASED CONTRIBUTIONS TO THE NATIONAL OIL COMPANIES (RS. 97 MILLION), EXPENSES OF THE NATIONAL LOGISTICS CELL WHICH DISTRIBUTES MEAT AND FERTILIZER IMPORTS (RS. 166 MILLION), ATOMIC ENERGY (RS. 13 MILLION), AND OTHERS (RS. 400 MILLION).

DEVELOPMENT EXPENDITURE, AT RS. 823 BILLION, IS BUDGETED TO INCREASE BY 21 PERCENT OVER THE ORIGINALLY BUDGETED FIGURE FOR PFY 1978/79. OVER ONE-HALF OF THE RS. 4 BILLION INCREASE IS ACCOUNTED FOR BY INCREASES IN THE FERTILIZER SUBSIDY (UP 73 PERCENT), OLD AND NEW SPENDING ON GOVERNMENT-OWNED CORPORATIONS (UP 30 PERCENT) AND WATER AND POWER PROJECTS (UP 36 PERCENT). THE LARGEST SINGLE INCREASE IN THE DEVELOPMENT BUDGET CAME IN FERTILIZER SUBSIDIES WHICH WENT UP RS. 700 MILLION. SPENDING ON THE KARACHI STEEL MILL IS BUDGETED TO RUN RS. 250 MILLION, OR 8 PERCENT, AND EXPENDITURE ON ITS COMPANION PROJECT, PORT QASIM, ROSE RS. 290 MILLION, OR 30 PERCENT. OTHER MAJOR INDUSTRIAL EXPENDITURES ARE IN OIL AND GAS DEVELOPMENT CORPORATION (OGDC), UP 50 PERCENT TO RS. 750 MILLION, FOR CONTINUING EXPLORATION AND DEVELOPMENT OF PETROLEUM RESOURCES, THE URBAN ROAD TRANSPORTATION CORPORATION, UP RS. 290 MILLION FROM LAST YEAR'S RS. 50 MILLION, PRESUMABLY FOR THE PURCHASE OF ADDITIONAL BUSES TO REPLACE THE AGING FLEETS SERVING PAKISTAN'S MAJOR CITIES, AND TWO NEW ALLOCATIONS OF RS. 100 MILLION EACH FOR FAUJI FERTILIZER AND THE PAKISTAN AUTOMOBILE CORPORATION. THE INCREASES FOR WATER AND POWER DEVELOPMENT ARE RS. 300 MILLION FOR THE ELECTRIFICATION OF 2,000 RURAL VILLAGES AND RS. 123 MILLION FOR SALINITY CONTROL AND RECLAMATION PROJECTS (SCARP).

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memorandum

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DATE: August 1, 1979

REPLY TO: Masood Akram
ATTN OF: Economic Advisor

SUBJECT: Islamic Rally at Peshawar University

TO: Douglas B. Archard
Principal Officer

Beginning from July 21, 1979, a three-day rally of Islami Jamiati-Tulaba was held at the campus of Peshawar University under the auspices of their NWFP Branch. Fairly elaborate arrangements were made to receive the delegates to the rally who came from all over the country. Transportation, boarding and lodging facilities were arranged by very enthusiastic workers of Islami Jamiati-Tulaba of Peshawar University. It is somewhat difficult to say how many out-of-town delegates attended the rally. Estimates vary from 500 to over 1,000. Delegates included a twenty-man delegation from Saudi Arabia. The total audience in certain sessions exceeded 3,000 persons.

According to Shabir Ahmed, a medical student at Peshawar University, and Irshad ul-Haq, a businessman, both enthusiastic supporters of Jamaat-i-Islami (J.I.), who attended the rally, the declared objective of the rally was to infuse the spirit of Islam in Pakistani youth, and prepare the young generation for handling the responsibility of an Islamic society. With this end in view, sermons by learned scholars of Islam, speeches by leaders of J.I. and meetings for recitation and interpretation of Quran, were organized during different sessions of the rally. An exhibition dealing with the history of the Islamic revolution in Iran, Pakistan, and Afghanistan was also held.

The rally received a good will message from Maulana Maudoodi, the founder of J.I. who predicted a resurgence and the final supremacy of Islam. A number of top leaders of J.I. came to address the rally. They included Professor Ghaffoor, Professor Khurshid, Mian Tufail Mohammad, Qazi Hussain Ahmed and others. Prominent among the student leaders were Liaqat Baluch, Shabir Ahmed, Arbab Afridi, and Zafar Jamal Baluch. Practically all the leaders of the J.I. who addressed the rally talked about the basic themes: (1) Greatness of Islam as a solution for the problems of today's world with special reference to Pakistan, (2) the rather precarious state of Pakistan's national economy, and (3) Jihad and Islamic resurgence. For instance, Professor Khurshid said that Islam is the only religion which came to overshadow everything else

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and it teaches one to live a revolutionary life. He said that every Pakistani is in debt for ten thousand rupees. He tried to disassociate the PNA from responsibility for preparation of the new Federal budget.

The head of Jamaat-Islami Afghanistan, Professor Burhanuddin Rabbani and the head of Hezb-i-Islami, Afghanistan Gulbadeen Hekmatyar, also addressed the rally. Rabbani paid glowing tribute to the Islamic revolution in Iran. He also praised the efforts of Pakistanis to introduce an Islamic system in the country. He emphasized the importance of laying down one's life for the cause of religion and said such sacrifices always bear fruit. Rabbani also described the cruel treatment being meted out to religious scholars and believers in Afghanistan by the Taraki government. Hekmatyar confined his remarks to a description of the Islamic revolution in Afghanistan. He pointed out the great sacrifices which the people of Afghanistan are making to save their religion from communism. He praised Islami Jamiati-Tulaba for working for the glory of God and Islam.

The Iranian Charge de Affaire, Gunj Dost, inaugurated an exhibition dealing with the struggle for Islamic revolution in Iran, Afghanistan and Pakistan. He described the recent Islamic revolution in Iran and praised Islam as the only system which can cope with today's problems. He felt that no one can stop the resurgence of Islam.

Commenting to me on the rally, a senior member of the Peshawar University faculty said disdainfully that the rally was responsible for making the campus dirty. He pointed out that few local students had participated in it. The fairly large audience, he said, was due to the presence of Class IV employees (peons, chowkidars, etc.) and youngsters from the neighboring villages who came to get free meals. He said that the general approach of J.I. students is very militant. In his opinion, these students do not have much chance in the Peshawar University politics, as PPP and Pushtoon students are the really strong groups here.

Drafted by: MAKram

Approved by: DBArchard

cc: AMB, SPEC, Lahore, Karachi, Kabul (POL), Tehran (POL),
NEA/PAB, INR/RNA/SOA, INR/OIL/B

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 TO RUHQ/SECSTATE W/SHDC PRIORITY 4329
 INFO RUHJGM/AMEMBASSY COLOMBO 1793
 RUHJDK/AMEMBASSY Dacca 3454
 RUHRA/AMEMBASSY JIEDA 837
 RUHLK/AMEMBASSY KABUL 9554
 RUHJH/AMEMBASSY KATHMANDU 1796
 RUHKKR/AMCONSUL KARACHI 4909
 RUHLC/AMEMBASSY LONDON 4187
 RUHBAE/AMEMBASSY NEW DELHI 1214
 RUHNP/AMEMBASSY PARIS 3178
 RUHHR/AMEMBASSY TEHRAN 5377
 RUHQHQA/CINCPAC HONOLULU HI
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 C O N F I D E N T I A L ISLAMABAD 9161

CINCPAC FOR POLAD

E.O. 12065: GDS 12 AUG 1985 (HAGERTY, H.G.) OR-P
 TAGS: PINT, PK, MNUC
 SUBJ: (U) REPORTED DEAL WITH THE US TO SAVE BHUTTO AND STOP
 NUCLEAR PROGRAM

1. (U) UNDER BANNER HEADLINE "BENZAIR'S DEAL WITH AMERICA,"
 GOVERNMENT-CONTROLLED PAKISTAN TIMES 11 AUGUST CARRIED
 PPI STORY ALLEGING THAT BENAZIR BHUTTO, DAUGHTER OF THE LATE
 PRIME MINISTER, HAD "STRUCK A DEAL WITH AMERICAN FOR SUPPORT
 (IN HER FATHER'S CAMPAIGN FOR CLEMENCY) IN RETURN FOR A
 PLEDGE TO SCUTTLE PAKISTAN'S DRIVE FOR NUCLEAR CAPABILITY."

2. (U) "THE STRATEGY ADOPTED BY MISS BENAZIR," THE STORY
 RELATES, "WAS TO FIRST CONVINCE THE AMERICANS AND THE WORLD
 AT LARGE THAT PAKISTAN WAS ON THE VERGE OF PRODUCING
 A NUCLEAR BOMB, AND AFTER CREATING THIS ALARM, TO USE
 THIS AS A TRUMP CARD TO WIN THE SUPPORT OF THE U.S.
 GOVERNMENT FOR BHUTTO" IN HIS WORLD-WIDE APPEAL FOR
 CLEMENCY. AS EVIDENCE OF THIS PLOT, THE ARTICLE
 CITES A LETTER THAT BENAZIR ALLEGEDLY WROTE HER BROTHER
 MIRAZA IN LONDON AFTER THE LAHORE HIGH COURT HAD
 FOUND THEIR FATHER GUILTY AS CHARGED AND SENTENCED
 HIM TO DEATH.

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 ARTICLE ALLEGES THAT USG WAS A TOUGH NUT TO
 CRACK WITH THIS DEAL, SINCE PRIME MINISTER BHUTTO HAD "OFFENDED"
 "THE MOST IRRETRIEVABLY BY ACCUSING IT OF HATCHING A
 "POLITICAL CONSPIRACY...FOR HIS OVERTHROW...IT COULD BE
 "ONLY IF SOMETHING CONCRETE WERE OFFERED..." A
 "BHUTTO FAMILY WILLINGNESS TO GIVE UP THE CONTROVERSIAL
 "PROCESSING PLANT CONTRACT WITH THE FRENCH WAS THE
 "OFFERED QUID PRO QUO.

"AND THE PLAN DID NOT SAVE BHUTTO'S LIFE BUT THE
 "ARTICLE ALLEGES IT "CERTAINLY ORCHESTRATED WESTERN
 "PROPAGANDA AGAINST PAKISTAN ON THE NUCLEAR ISSUE"
 "THE AUTHORS ADDUCE, AS ADDITIONAL EVIDENCE, THE APPEALS
 "WHICH WERE MADE FOR BHUTTO'S LIFE AND THE BHUTTOS' "SEALED-
 "OFF CONSPIRACY OF SILENCE ON THE MOUNTING AMERICAN
 "THREAT TO PAKISTAN'S SEARCH FOR NUCLEAR
 "TECHNOLOGY."

"AND AT CONCLUSION, ARTICLE NOTES AMERICAN RELATIONSHIP
 "WITH THE SOMOZA FAMILY IN NICARAGUA AS ILLUSTRATION OF
 "AMERICAN WILLINGNESS TO CONCLUDE A DEAL WITH AN
 "INFLUENTIAL FAMILY.

"THE EMBASSY HAS PREPARED AND CIRCULATED TO
 "CONSTITUENT POSTS FOLLOWING PRESS GUIDANCE ON AN IF
 "NO BASIS: QUOTE WE ARE UNABLE TO COMMENT ON
 "THE PRESENCE OF SUCH A LETTER BETWEEN BENAZIR BHUTTO AND
 "HER BROTHER AS DESCRIBED IN PAKISTAN TIMES 11 AUG. WHAT
 "THEY CAN SAY, HOWEVER, IS THAT WE KNOW OF NO APPROACH
 "WHICH HAS BEEN MADE TO THE U.S. GOVERNMENT SUCH AS THAT
 "DESCRIBED IN THE PAKISTAN TIMES STORY, AND WE CAN SAY
 "MAINLY THAT NO SUCH ARRANGEMENT OR UNDERSTANDING WAS EVER
 "ENTERED INTO BETWEEN THE UNITED STATES GOVERNMENT AND ANY
 "MEMBER OF THE BHUTTO FAMILY. UNQUOTE

"COMMENT: THE ARTICLE IS A BLATANT AND HEAVY-
 "HANDS SLAM MAINLY AT THE BHUTTOS AND SECONDARILY AT THE
 "U.S. IT IS AN INGENIOUS(IF TRANSPARENT) ATTEMPT, WE
 "THINK, BY THE PAKISTAN MARTIAL LAW ADMINISTRATION (MLA)
 "TO BRING BENAZIR (AND HER MOTHER, PPP CHAIRMAN NUSRAT
 "BHUTTO WHO COMES OUT OF MOURNING ON THE 14TH) WITH THE
 "HELP OF THE NUCLEAR IMPASSE WITH THE UNITED STATES
 "TO TAKE SOME DOING, AND THE GAPS IN THE CHRONOLOGY
 "OF THE LOGIC OF THE PIECE SERVE CONSIDERABLY TO
 "WEAKEN ITS EFFECT. WE HAVE HAD NOT ONE PRESS QUERY
 "ABOUT THE PIECE SINCE ITS APPEARANCE, AND EVEN THE
 "DAILY URDU NAWA-I-WAQT OFFERS TODAY THAT IT
 "AWAITS BENAZIR'S EXPLANATION BEFORE COMMENTING.

"STILL, THE PIECE IS REMINISCENT OF THE HEAVY-
 "HANDS SMEAR CAMPAIGN AGAINST BHUTTO HIMSELF WHILE
 "THE SUPREME COURT WAS CONSIDERING HIS APPEAL FROM THE
 "LAHORE HIGH COURT VERDICT. IT IS BUT ONE SIGN IN MANY
 "THAT THE MLA IS PREPARED TO GO ON HEAVY AGAINST THE
 "BHUTTOS -- AND ESPECIALLY AGAINST THE BHUTTO WOMEN/FAMILY
 "IN THE WEEKS AHEAD AS ELECTIONS WHICH COULD RETURN TO THE
 "BHUTTOS TO POWER DRAW CLOSER.

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AMEMBASSY COLOMBO 1802

AMEMBASSY Dacca 3459

AMEMBASSY KABUL 9561

AMEMBASSY KATHMANDU 1796

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AMEMBASSY LONDON 4192

AMEMBASSY NEW DELHI 1224

AMCONSUL PESHAWAR

AMEMBASSY TEHRAN 5383

AMHQ/CINCPAC HONOLULU HI

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C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 9219

CINCPAC FOR POLAD

E.O. 12865 SDS 12 AUGUST 1995 (MULTIPLE SOURCES) OR-P

TAGS: PINT, SPUM, PK

SEBU(C) ELECTION - 79: THE PAKISTAN PEOPLES PARTY (PPP)-
REFW TO RU??

REFS: (A) KARACHI 4428 NOTAL (B) KARACHI 4429 NOTAL
(C) KARACHI 4226 NOTAL (D) LAHORE 1053 NOTAL
(E) LAHORE 896 NOTAL (F) ISLAMABAD 8407

1. (C-ENTIRE TEXT).

2. SUMMARY: BEGUM NUSRAT BHUTTO, WIDOW OF FORMER PRIME MINISTER BHUTTO, WILL EMERGE FROM HER EXPENDED PERIOD OF MOURNING ON 14 AUGUST 1979, THE 32ND ANNIVERSARY OF PAKISTAN'S INDEPENDENCE. CONFIRMED DURING HER PERIOD OF MOURNING AS CHAIRMAN OF HER HUSBAND'S PAKISTAN PEOPLES PARTY (PPP), NUSRAT HAS USED HER PERIOD OF ISOLATION TO STAKE HER CLAIM TO A "FAMILY SUCCESSION" WHILE REMAINING ALOOF FROM THE FACTIONAL INTERPLAY BENEATH HER ON THE PARTY'S FUTURE COURSE, PROGRAM, AND SECONDARY LEADERSHIP.

3. THERE ARE MANY SIGNS THAT THE ATTEMPT AT FAMILY SUCCESSION IS MEETING WITH SUCCESS THUS FAR. FOUR MONTHS AFTER HIS DEATH, THERE HAS BEEN A SURGE OF NATIONALISM AND EMOTION IN CONNECTION WITH THE FORMER

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LEADER AND HIS NAME; THE SO-CALLED "BHUTTO PHENOMENON," A MARTYRED MIX OF SUIF, GRIEF, AND POLITICAL MANIPULATION, IS REAL, ESPECIALLY IN RURAL SIND. THROUGH A SERIES OF MEETINGS, THE BHUTTO WOMEN, DAUGHTER BENAZIR OUT FRONT AND MOTHER NUSRAT BEHIND THE SCENES, HAVE PLAYED AN IMPORTANT ROLE IN RALLYING THE PARTY FROM ITS POST-EXECUTION STUPOR AND DEPRESSION. THEY FACE A FORMIDABLE TASK IN STEERING THE PARTY THROUGH THE DIFFICULT MONTHS AHEAD IN THE FACE OF SMears AND PRESSURES INSPIRED BY THE MARTIAL LAW ADMINISTRATION AND BY OTHER PARTIES (SEPTIL). THE EAL DIVISIONS WHICH EXIST WITHIN THE PARTY, AND THE PARTY'S URGENT NEED FOR VIGOROUS LEADERSHIP AND ORGANIZATIONAL WORK. YET EVERYONE AT THIS POINT -- INCLUDING THE MLA -- APPEARS TO REGARD THE PPP AS THE PARTY TO BEAT AND THAT HAS A MEMENTUM ALL ITS OWN IN TERMS OF ESTABLISHING THE PPP AS THE FRONT-RUNNER IN PAKISTAN'S DAWNING ELECTION PERIOD. END SUMMARY.

4. THE PPP TODAY: CONVINCED THAT ITS POPULARITY IS ON THE RISE, THE PPP OVER WHICH BEGUM NUSRAT BHUTTO WILL ASSUME ACTIVE COMMAND ON 14 AUGUST FACES TWO MAJOR PROBLEMS AS IT LOOKS CONFIDENTLY TOWARDS NOVEMBER ELECTIONS:

--FIRST, ALTHOUGH WHAT HAS COME TO BE TERMED THE "BHUTTO PHENOMENON" APPEARS TO BE KNITING THE PARTY TOGETHER, THIS COHESION COULD BE TEMPORARY. BEFORE APRIL, THERE WAS NO GUARANTEE THAT THE BHUTTO FAMILY COULD HOLD THE PARTY'S DIVERSE ELEMENTS TOGETHER. POPULARITY AND SENTIMENT -- AIDED BY MRS. BHUTTO'S ISOLATION-- APPEAR TO HAVE DECIDED THE LEADERSHIP QUESTION IN FAVOR OF THE BHUTTO WOMEN, BUT NOT ALL THE RETURNS ARE IN YET. IT REMAINS TO BE SEEN HOW FIRM AND EFFECTIVE A HAND BEGUM BHUTTO, THE PPP'S ELECTED CHAIRMAN, CAN EXERT ON THE PARTY'S FRACTIOUS MACHINERY. UNTIL NOW, BENAZIR APPEARS TO HAVE EFFECTIVELY USED HER MOTHER'S PROXY TO STAKE A CLAIM TO PARTY LEADERSHIP; NONETHELESS, REPORTS PERSIST OF AN INTERNAL SPLIT BETWEEN "RADICALS" AND "MODERATES"; "LOYALIST" PARTY WORKERS WHO CHALLENGED THE MLA AND WENT TO JAIL DURING BHUTTO'S IMPRISONMENT IS STRONG, ARE ANTAGONISTIC AGAINST THOSE WHO DID NOT, ESPECIALLY THE "OPPORTUNISTIC FEUDAL LANDLORDS", LATECOMERS TO BHUTTO'S PPP. THE LATTER HOWEVER, ARE WELL REPRESENTED ON THE CENTRAL COMMITTEE OF THE PARTY.

2ND. THE PARTY FACES THE DILEMMA OF ACTIVATING ITS TO MOUNT AN ELECTORAL CHALLENGE WITHOUT PROVOKING THE MLA TO BAN THE PARTY, DISQUALIFY ITS LEADERS, AND POSSIBLY POSTPONE THE ELECTIONS. THE PPP HIGH COMMAND

HAS APPARENTLY DECIDED TO SET A CAREFUL TONE AS ELECTIONS
 APPROACH -- A COURSE ADVISED BY THE SO-CALLED FEUDALS
 -- AND LIE RATHER LOW UNTIL THE LIMITATIONS NOW ON OUT-
 DOOR RALLIES, ETC., ARE LIFTED -- PROBABLY IN SEPTEMBER,
 THE BHUTTO WOMEN, AND THE PARTY'S TOP BRASS, ARE NOT
 ABOUT TO FORGET THE DISMAL DAYS BEFORE BHUTTO'S EXECUTION
 WHEN THE MLA SEVERAL TIMES PARALYZED THE PARTY SIMPLY BY
 REMOVING HUNDREDS OF ITS LEADERS TEMPORARILY FROM THE
 SCENE. TO AVOID CONFRONTATION, WHILE AT THE SAME TIME
 NOT FORSAKING POPULAR APPEAL, REQUIRES A CAREFUL, BUT NOT
 IMPOSSIBLE, BALANCING ACT BY BENAZIR AND HER MOTHER IN THE
 MONTHS AHEAD; SUCH CAUTION ANTITHETICAL TO BOTH THE
 PARTY HOTHEADS AND THE NORMALLY FLAMBOYANT BENAZIR.

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INFO RUMJGM/AMEMBASSY COLOMBO 1601

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RUSBLK/AMEMBASSY KABUL 9582

RUMJHT/AMEMBASSY KATHMANDU 1800

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C O N F I D E N T I A L SECTION 2 OF 2 ISLAMABAD 9219

CINCPAC FOR POLAD

5. THE MONTHS TO COME: AS NOVEMBER APPROACHES, KEY
 DECISIONS ON ORGANIZATION AND TACTICS WILL BE NEEDED.
 AFTER AUGUST 14, IT WILL BE IMPORTANT TO SEE WHETHER
 BEGUM BHUTTO AND BENAZIR ARE CAPABLE OF HOLDING TO-
 GETHER A PARTY OF DISPARATE IDEOLOGICAL ELEMENTS,
 ESPECIALLY IF BEGUM BHUTTO'S CHAIRMANSHIP BECOMES AN
 ISSUE. AN INCREASING TENDENCY TOWARD PETTY BATTLES
 OVER INTERNAL ORGANIZATION OR CAMPAIGN STRATEGY COULD
 WEAKEN THE PPP'S CHANCES IF BHUTTO'S OLD URBAN-RURAL-
 LANDLORD COALITION COMES UNSTUCK. OPPORTUNISM
 IN PAKISTANI POLITICS IS SUCH THAT UNLESS THE BHUTTO
 WOMEN ARE PERCEIVED TO HAVE LOST THE SUPPORT OF THE
 PEOPLE, HOWEVER, THEY WILL PROBABLY BE ABLE TO MAINTAIN THE
 PARTY'S INTEGRITY UNTIL AFTER ELECTIONS. THE LANDLORDS,
 WHOSE INTEREST IS MAINLY ON BEING ON THE WINNING SIDE,
 NEED BENAZIR AND HER MOTHER BECAUSE THEY PRESUMABLY CAN
 DELIVER THE VOTES BY ACTIVATING THE BHUTTO CONSTITUENCY.
 THE WOMEN NEED THE OLD COALITION TO KEEP THE ELECTION
 MACHINE INTACT, AT LEAST UNTIL THEY HAVE A POPULAR
 MANDATE, AND TO MAINTAIN A NECESSARY IDEOLOGICAL
 BALANCE IN THE PARTY.

6. BENAZIR AND HER MOTHER WILL ALSO HAVE TO WORK TO
 MODERATE THE IDEOLOGICALLY LEFTIST ELEMENT IN THEIR
 PARTY. IT IS NOT CLEAR TO US THAT THE PPP IS ADOPTING
 A MORE LEFTIST TONE (AS SOME HAVE SPECULATED); YET

THE CALL FOR "COOPERATION WITH LIKE-MINDED PARTIES"
DOES NOT SEEM TO APPLY TO THOSE ON THE PPP'S
IDEOLOGICAL RIGHT, AND NEGOTIATIONS SO FAR HAVE BEEN
WITH LEFTIST PARTIES.

THE "RADICALS" SUPPORT A MORE ACTIVIST CONFRONTA-
TION WITH THE MLA AND AN ALLIANCE OF LEFTIST PARTIES SOONER
RATHER THAN LATE; THE MODERATES ARE RESISTING THIS
BECAUSE THEY FEAR RETALIATION BY THE GOVERNMENT AND
ARE UNCOMFORTABLE WITH THE LEFTISTS. AN EARLY TEST
WILL BE WHETHER BENAZIR UNDERTAKES A EARLY TOUR OF
THE PUNJAB. PRESS REPORTS SAY THE TRIP WILL OCCUR,
BUT CONGEN KARACHI'S CONTACTS EXPRESS DOUBT THAT
BENAZIR WILL BE INCLINED TO GIVE THE MLA ANY EXCUSE
TO POSTPONE THE POLLS OR PLACE HER UNDER ARREST.

7. THE ELECTIONS AND BEYOND: EVERYBODY IN PAKISTAN HAS
AND ELECTION FORECAST; THE ONE THING ALL HAVE IN COMMON
IS THE ASSUMPTION THAT THE PPP HAS A CLEAR SHOT AT
WINNING A MAJORITY OF THE NATIONAL ASSEMBLY SEATS
REGARDLESS OF A CHANGE TO PROPORTIONAL REPRESENTATION
OR NOT. IF THEY WIN, AND SHE IS NOT DISQUALIFIED OR
OTHERWISE REMOVED FROM THE PARTY CHAIRMANSHIP,
THEN BEGUM BHUTTO COULD BE THE NEW PRIMIN. IF BEGUM
BHUTTO IS DISQUALIFIED AND BENAZIR MOVES TO THE FORE,
HER AGE DOES NOT STAND IN THE WAY OF HER BECOMING
PRIMIN, ALTHOUGH HER YOUTH AND HER INEXPERIENCE MIGHT
HURT HER CHANCES.

8. BEYOND WHO BECOMES PRIMIN IN THE EVENT OF A PPP
VICTORY, OTHER IMponderables ALSO LIE AHEAD. A SOURCE
CLOSE TO BENAZIR HAS TOLD CONGEN KARACHI THAT THE PPP
WILL NOT BE A PARTY OF REVENGE -- AS BENAZIR TOLD NEWSWEEK:
"THE GENERALS AS A GROUP HAVE NOTHING TO FEAR. THEIR
NAMES WERE NOT ON MY FATHER'S DEATH WARRANT." THIS SLIM
OLIVE BRANCH MAY BE THE SIGN OF A POSSIBLE DIALOGUE
WITH THE ARMY TO ENSURE A PEACEFUL TRANSFER OF POWER.
THE PPP WILL ABSOLUTELY NOT TALK TO ZIA, SO SOME OTHER
ACCOMMODATION WILL BE NECESSARY. (WE HOPE THE INTEREST-
ING FACT THAT RETIRED GEN TIKKA KHAN, A PROMINENT PPP-ER,
ONCE DIRECTLY COMMANDED SUCH MLA NOTABLES AS GENs.
CHISHTI AND JILANI.)

9. A POTENTIALLY MORE SERIOUS LONG TERM PROBLEM IS
THE ABILITY OF THE PPP TO GOVERN A NATION FACING THE
ECONOMIC, SOCIAL, AND POLITICAL DIFFICULTIES THAT
PAKISTAN EXHIBITS. EXPECTATIONS WILL BE RUNNING HIGH;
THEY WILL BE DIFFICULT IF NOT IMPOSSIBLE TO FULFILL.
THE CHOICES THAT WILL BE NEEDED TO HANDLE THE
LOOMING ECONOMIC CRISIS WILL REQUIRE A HARD-HEADED LEADER.

IF AND COULD EXACERBATE THE PARTY'S IDEOLOGICAL DIVISIONS.
MANY OBSERVERS BELIEVE THAT THE PPP AS IT IS TODAY
CANNOT LAST MUCH BEYOND THE ELECTIONS. SUCH REMARKS
ARE PREMATURE-- IT SEEMS OBVIOUS THAT THE PPP'S PARAMOUNT
OBJECTIVE IS TO GET INTO POWER; THE QUESTIONS OF HOW
AND IF IT CAN RULE WILL WAIT UNTIL AFTER THE ELECTIONS.
I WOULD BET, HOWEVER, THAT THE PPP HAS PAKISTAN'S
CHANCE OF BEING IN A POSITION TO ASSESS THAT
SITUATION.

THESE A THROUGH 3 REPRESENT IMPORTANT CONTRIBUTIONS
TO THIS REPORT FROM OUR CONSULATES IN LAHORE AND
KARACHI. HUMMEL

19

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NNNNVV ESAG18JC963
OO RUOMHR
DE RUQBQD #9251/1 2262815
ZNY CCCCC ZZH

O R 140745Z AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WASHDC IMMEDIATE 4368
RUMJOP/AMEMBASSY COLOMBO IMMEDIATE 1824
INFO RUHQHQA/CINCPAC HONOLULU HI
RUQICQ/AMEMBASSY ANKARA 4164
RUMJPP/AMEMBASSY BEIJING 602
RUMJOK/AMEMBASSY Dacca 3461
RUCARA/AMEMBASSY JIDDA 840
RUSLLK/AMEMBASSY KABUL 9566
RUMJHT/AMEMBASSY KATHMANDU 1803
RUSSOM/AMCONSUL KARACHI 8526
ZEN/AMCONSUL LAHORE
RUOTCO/AMEMBASSY LONDON 4195
RUEHMO/AMEMBASSY MOSCOW 1453
RUSJAE/AMEMBASSY NEW DELHI 1227
ZEN/AMCONSUL PESHAWAR
RUSJAAA/USCINCPAC VAIHINGEN GE
RUQNL/AMEMBASSY TEHRAN 5383
BT

C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 9251

MILITARY ADDRESSEES FOR POLADS; COLOMBO PLEASE PASS
EILAND FOR CODEL WOLFF

E.O. 12865; GDS 14AUG85 (MAGERTY, H.G.) OR-P
TAG: PEPR PINT MPOL FINS PK US MNUG
SUBJ: REACTION WORSENS TO NEW YORK TIMES ARTICLE ON
NUCLEAR ISSUE

1. (C) ENTIRE TEXT.

2. NATIONAL INDEPENDENCE DAYS ARE NATURAL OCCASIONS FOR
STRONG, NATIONALISTIC RHETORIC, AND THE RICHARD BURT
NEW YORK TIMES ARTICLE ON THE NUCLEAR PROBLEM, WITH ITS
EMPHASIS HERE ON THE THREAT OF UNILATERAL US MILI-
TARY ACTION AGAINST PAKISTAN'S ENRICHMENT FACILITIES
IS PROVIDING A TIMELY, AND UNIFYING, THEME TO THIS
THIRTY-SECOND ANNIVERSARY OF PAKISTAN'S INDEPENDENCE.

3. OFFICIAL PAKISTAN TIMES FEATURES DEPARTMENT
SPOKESMAN'S BRIEF DENIAL THAT ANY "COVERT ACTION"
IS BEING PLANNED IN SMALL FRONT-PAGE BOX. REST OF
PAPER, HOWEVER, IS FULL OF HARSH WORDS BY PAKISTANIS
PROMINENT IN PUBLIC LIFE ON THE "THREAT" IN THE NYT
ARTICLE. THE RALLYING POINT IS THE NEED TO STAND UP
TO SUCH FOREIGN PRESSURES, EVEN IF THEY COME FROM
SUPER POWERS. FEW PUBLIC FIGURES APPEAR ABLE TO RE-
SIST USING THE OCCASION ALSO TO DREDGE UP THE PAST
RECORD TO US "PERFIDY" WITH REGARD TO PAKISTAN, GOING
BACK TO 1962/3, 1965, AND 1971 -- ALL "VINTAGE
YEARS" IN THE STANDARD PAKISTAN CHRONICLE OF US "FAIL-
URES" TO LIVE UP TO THE OBLIGATIONS OF FRIENDSHIP AND
ALLIANCE.

4. RUNNING THROUGH SOME OF THE COMMENTS IS ANXIETY
THAT THERE IS A RELATIONSHIP BETWEEN THE "THREAT" IN THE
PURT ARTICLE AND THE FLOOD OF REPORTS OUT OF WASHINGTON
ABOUT USG CONSIDERATION OF AN ENHANCED MILITARY
PRESENCE IN THIS PART OF THE WORLD AND A LARGE, MOBILE
STRIKE FORCE CAPABLE OF BEING DEPLOYED QUICKLY TO THIS
REGION. ALSO RUNNING THROUGH THE INNUENDO ARE
SUBTLE EFFORTS TO LINK ANEW THE PURT "THREAT"
AND THE EARLIER REPORTS OF A USG-BENAZIR BHUTTO DEAL
ON NUCLEAR MATTERS, THUS KEEPING ALIVE THAT CAN-
ARD AND THE EFFORT TO TIE THE PAKISTAN PEOPLE'S
PARTY WITH RESPONSIBILITY FOR PRESENT US PRESUPES.

5. (ISLAMABAD 9210) A SAMPLING OF REACTIONS REPORTED IN THE 14
AUGUST PRESS IS AS FOLLOWS:

-- IN RESPONSE TO A QUESTION FROM NEWSMEN ABOUT
THE NYT ARTICLE, DEFENSE MINISTER TALPUR REAFFIRMED
THAT PAKISTAN WILL NOT SUCCEED TO EXTERNAL PRESSURES
WITH REGARD TO ITS NUCLEAR PROGRAM AND IS FULLY PREPAR-
ED TO SAFEGUARD ITS VITAL INTERESTS.

--WARNING THE US ON THE "SERIOUS CONSEQUENCES
OF ANY SUCH FOOLISH ACTION," MDP PRESIDENT SHERBAZ
MAZARI SAID THE "DAYS OF GUNBOAT DIPLOMACY ARE OVER."
MAZARI REFERRED TO THE "SHOCK" HE HAD EXPERIENCED IN
READING THE ACCOUNT, ALLUDED DARKLY TO US FAILURES
IN THE BAY OF PIGS, ETC., AND SUGGESTED THE US
ACTIONS IN THIS ARE AIMED AT CURRYING FAVOR WITH
THE "JEWISH LOBBY."

--TEHRAN LEADER (AND FORMER RAD) MAZAFFAR
HASSAN DESCRIBED THE "REPORTED MOVE AS SAD AND RE-
PREHE SIBLE..(LEADING TO) ALWLESSNES AND INTERNATIONAL
PIRACY."

BT
#9251

NNNNVV ESB021MJC792
PP RUQMR
DE RUSBQD #9259 2270320
ZNY CCCCC ZZH
P P 150715Z AUG 79
FM AMEMBASSY ISLAMABAD
TO RUEHC/SECSTATE WAS-DC PRIORITY 4375
INFO RUMJGM/AMEMBASSY COLOMBO 1826
RUMJLK/AMEMBASSY Dacca 3455
RUSBLK/AMEMBASSY KABUL 9569
RUMJRT/AMEMBASSY KATHMANDU 1826
RUSBR/AMCONSUL KARACHI 8531
ZEN/AMCONSUL LAHORE
RUDTC/AMEMBASSY LONDON 4197
RUSBAE/AMEMBASSY NEW DELHI 1233
ZEN/AMCONSUL PESHAWAR
RUQMR/AMEMBASSY TEHRAN 5395
RUHOL/AMEMBASSY PONN 629
RUHQQA/CINCPAC HONOLULU HI
BT

CN 611

POL
CHG
CHRON
ECON
RF

C O N F I D E N T I A L ISLAMABAD 9259

PACOM FOR POLAD

E.O. 12065: GDS #/19/85(CDWELCH) OR-P
TAGS: PINT, PK
SUBJ: (U) NEGATIVE REACTIONS TO PRESIDENT ZIA'S PROPORTIONAL
REPRESENTATION PROPOSAL ARE ROLLING IN

REF: (A) ISLAMABAD 8339 (B) ISLAMABAD 8607
(C) ISLAMABAD 8925 (NOTAL)

1. (C) SUMMARY: AS PRESIDENT ZIA UL-HAQ'S DEADLINE FOR
RESPONSES TO HIS PROPOSAL FOR ELECTIONS BY PROPORTIONAL
REPRESENTATION PASSED ON AUGUST 14 (REF A), ALMOST
EVERY PAKISTAN POLITICAL PARTY OF ANY CONSEQUENCE HAD
COME OUT AGAINST THE IDEA. DESPITE AN EFFORT BY THE
MARTIAL LAW ADMINISTRATION TO REASSURE THE BODY POLITIC
THAT PROPORTIONAL REPRESENTATION WILL NOT DELAY
ELECTIONS OR REQUIRE A CONSTITUTIONAL AMENDMENT,
PRESIDENT ZIA'S PROPOSAL IS BEING REJECTED MAINLY
ON THOSE GROUNDS, NOT FOR THE SUBSTANCE OF THE
IDEA. END SUMMARY.

2. (C) AS EXPECTED, PRESIDENT ZIA UL-HAQ'S PROPOSAL
TO HOLD PAKISTAN'S UPCOMING ELECTIONS UNDER A MODIFIED
GEN-2-SYSTEM OF PROPORTIONAL REPRESENTATION HAS
PRODUCED CONSIDERABLE CONTROVERSY. ONLY ONE OF
PAKISTAN'S "BIG NAME" POLITICAL PARTIES, THE JAMAAT-I-

IFAMI(JI), GAVE THE PRESIDENT'S IDEA ANY SUPPORT,
AND EVEN THIS BACKING HAS BEEN TRUMPED BY THE DECISION
OF THE PAKISTAN NATIONAL ALLIANCE (PNA), OF WHICH THE
JI IS A MEMBER, TO REJECT THE PROPOSAL.

3. (U) THE PARTIES THAT HAVE DECLARED THEIR OPPOSITION
INCLUDE THE PNA, THE UMBRELLA ALLIANCE ORIGINALLY
FORMED TO OPPOSE EX-PRIMIN BHUTTO; SHERBAZ MAZARI'S
NATIONAL DEMOCRATIC PARTY (NDP); MIR GHAFUS BIZEMJO'S
SPLINTER PAKISTAN NATIONAL PARTY (PNP); THE PAKISTAN
DEMOCRATIC PARTY; ASGHAR KHAN'S TERRIK-I-ISTIQBAL (TI);
AND, NOT UNEXPECTEDLY, EX-PRIMIN BHUTTO'S PAKISTAN
PEOPLES PARTY, WHICH HAS DECIDED ALSO NOT TO RESPOND
FORMALLY TO ZIA'S WRITTEN REQUEST FOR COMMENT.

4. (C) COMMENT: OPPOSITION TO PRESIDENT ZIA'S
PROPORTIONAL REPRESENTATION IDEA COVERS PAKISTAN'S
POLITICAL SPECTRUM AND INCLUDES LEFTIST AND
CONSERVATIVE, AS WELL AS NATIONAL AND REGIONAL
PARTIES. VERY LITTLE CREDIBILITY IS GIVEN TO THE
GOVERNMENT'S EFFORT TO RAISE PUBLIC SUPPORT (REFB).
BY AFFIRMING THAT THE PROPOSAL WILL NOT DELAY
ELECTIONS, THAT THE CONSTITUTION NEED NOT BE AMENDED,
AND THAT THE NECESSARY CONSTITUENCY DELIMITATION
CHANGES CAN BE EXPEDITIOUSLY PERFORMED.

5. (C) MOST PARTIES APPEAR TO HAVE BASED THEIR OPPOSITION
NOT ON THE MERITS OF THE PROPOSAL -- OR EVEN ITS
POTENTIAL IMPACT ON THEIR FORTUNES -- BUT RATHER ON
THE CONCERN THAT ITS IMPLEMENTATION, AT THIS LATE
DATE, WOULD DELAY ELECTIONS. SECONDARILY, THERE IS
CONCERN REGARDING FURTHER MARTIAL LAW EROSION OF THE
1973 CONSTITUTION. PRESS COMMENTARY, ALTHOUGH GENERALLY
THOUGHTFUL IN ITS ANALYSIS OF THE ROLE PROPORTIONAL
REPRESENTATION COULD PLAY IN THE PAKISTANI POLITICAL
SYSTEM, HAS ALSO QUESTIONED ITS IMPACT ON THE ELECTION
SCHEDULE AND ITS CONSTITUTIONALITY. PRESIDENT ZIA
THUS FACES STIFF ROADBLOCKS TO HIS PROPOSAL AND
CONFRONTS, ONCE AGAIN, A WARY AND SUSPICIOUS BODY
POLITIC. IN THE MEANTIME, ELECTION PREPARATIONS
PROCEED (REF C), THE LID ON POLITICAL ACTIVITIES MAY
BE PARTIALLY LIFTED SOON, AND THE SCHEDULE ELECTIONS
ARE ONLY A LITTLE OVER THREE MONTHS AWAY. END COMMENT

HUMMEL
BT

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NAVY ESA387MJC259

FM USMBR

FM USBQD #9479 2321230

ZIA SSSSS ZZH

0 101130Z AUG 79

FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC IMMEDIATE 4472

INFO RUHQHQA/CINCPAC HONOLULU HI

RUWGU/AMEMBASSY ANKARA 4171

RUWJPG/AMEMBASSY BEIJING 610

RUWJGM/AMEMBASSY COLOMBO 1822

RUWJDK/AMEMBASSY DACCA #476

RUWJRA/AMEMBASSY JILDA 849

RUWJBLK/AMEMBASSY KABUL 9593

RUWJHT/AMEMBASSY KATMANDU 1818

RUWJKR/AMCONSUL KARACHI 8569

RUWJQD/AMCONSUL LAHORE 6567

RUWJIC/AMEMBASSY LONDON 4213

RUWJMO/AMEMBASSY MOSCOW 1471

RUWJAE/AMEMBASSY NEW DELHI 1274

RUWJAW/AMCONSUL PESHAWAR

RUWJHR/AMEMBASSY TEHRAN 5397

BT

SECRET ISLAMABAD 9479

CINCPAC FOR POLAD

E.O. 12065: GDS 3/20/85 (HAGERTY, H.C.) OR-M

TAGS: PINT, PK

SUBJECT: ZIA UL-HAQ NAMES LGEN IQBAL ACTING PRESIDENT DURING ABSENCE

REF: ISLAMABAD 9403

1. (S-ENTIRE TEXT)

2. IN A MOVE WHICH CAUGHT MOST OBSERVERS BY SURPRISE, PRESIDENT ZIA UL-HAQ DESIGNATED HIS DEPUTY CHIEF OF ARMY STAFF, LGEN MOHAMMAD IQBAL, TO SERVE AS ACTING PRESIDENT OF PAKISTAN DURING ZIA'S BRIEF ABSENCE IN SAUDI ARABIA AUGUST 19-21.

3. THE MOVE WAS NECESSITATED BY THE APPARENT INABILITY OF THE CHIEF JUSTICE OF PAKISTAN, WHO IS THE CONSTITUTIONAL DESIGNATED STAND-IN, TO RETURN TO PAKISTAN FROM BRITAIN, WHERE HIS WIFE IS REPORTEDLY UNDERGOING TREATMENT FOR CANCER. SINCE THE SUPREME COURT JUSTICE NEXT IN RANK IS A NON-MUSLIM, AND THEREFORE CONSTITUTIONALLY DEBARRED FROM SERVING AS PRESIDENT, ZIA ARRANGED A QUICK AMENDMENT OF THE CONSTITUTION, BY ORDINANCE, TO PERMIT HIM TO DESIGNATE A STAND-IN. THE ORDINANCE AMENDS A 1978 AMENDMENT BY WHICH ZIA, AS CHIEF MARTIAL LAW ADMINISTRATOR WAS EMPOWERED TO NAME HIMSELF OR ANOTHER TO BE PRESIDENT WHEN THE THEN-PRESIDENT CHOUDHRY RESIGNED.

CN 332

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THE DECISION TO NAME IQBAL AS ACTING PRESIDENT HAS LONGUES WAGGING AND WITH SPECULATION OF POSSIBLY PERMANENT CHANGES AT THE TOP; IQBAL IS ONE OF TWO THREE SENIOR GENERALS, ALL ASSOCIATED WITH ZIA'S ER OF SULFIKAR ALI BHUTTO ON JULY 1977, WHO HAVE BEEN MENTIONED REGULARLY AS A POSSIBLE SUCCESSORS TO ZIA SHOULD ARMY LEADERSHIP DECIDE THE PRESIDENT SHOULD STEP

THERE HAS, MOREOVER, BEEN A SPATE OF RUMORS RECENTLY AT THE POSSIBLE APPOINTMENT OF A SO-CALLED "NATIONAL GOVERNMENT", HEADED BY A SENIOR MILITARY OFFICER OTHER THAN AND COMMISSIONED TO ACT AS CARETAKER THROUGH THE END OF ELECTIONS. THESE RUMORS HAVE BEEN MATCHED OTHERS WHICH HAVE SPECULATED WILDLY THAT ZIA IS THINKING OF ABANDONING THE COUNTRY, TURNING OVER TO COLLEAGUES IN THE MILITARY THE NEAR-IMPOSSIBLE CHORE OF TURNING OVER THE COUNTRY TO CIVILIAN LEADERSHIP; NEWSMEN EVEN CITE REPORTS -- UNCONFIRMED, OF COURSE -- THAT ZIA HAS ALREADY BOUGHT PROPERTY IN BERKELEY CALIFORNIA TO WHICH HE AND HIS FAMILY WILL GO EITHER BEFORE OR AFTER ELECTIONS.

THERE IS NO SHORTAGE OF SUCH SPECULATIONS ABOUT PAKISTANI LEADERS ALONG THESE LINES ANY TIME, BUT AT THE PRESENT TIME -- WITH ZIA'S WIFE AND DAUGHTERS ALREADY IN SAUDI -- THE IQBAL APPOINTMENT MAKES SUCH RUMORS EVEN LESS CREDIBLE TO MANY.

ON THE OTHER HAND, WE FIND THE OFFICIAL EXPLANATION OF WHAT WE HAVE LEARNED FROM OUR OWN SOURCES MORE THAN SATISFACTORY TO EXPLAIN THE DECISION TO NAME IQBAL ACTING PRESIDENT AND, WE ASSUME, ACTING CHIEF MARTIAL LAW ADMINISTRATOR (CMLA). ON PREVIOUS OCCASIONS WHEN ZIA TRAVELLED ABROAD, HE HAS LEFT THE CHIEF JUSTICE AS ACTING PRESIDENT WHILE DESIGNATING THE NEXT SENIOR-MOST MEMBER OF THE MILITARY COUNCIL AS CMLA. AS DEPUTY CHIEF OF ARMY STAFF, IQBAL OUT-RANKS THE OTHER SERVICE CHIEFS AND IS THE SECOND-MOST SENIOR MILITARY OFFICER IN THE COUNTRY, AND THE LOGICAL CHOICE TO STAND IN AS PRESIDENT/CMLA, GIVEN THE CHIEF JUSTICE'S CONTINUING ABSENCE.

WE ASSUME THAT ZIA'S VISIT TO SAUDI ARABIA IS PRESENT AND COULD NOT BE PUT OFF. IN ADDITION TO INFORMING US, HE IS PRESUMABLY LOOKING FOR SAUDI MONEY TO HELP BAILE PAKISTAN OUT OF ITS PRESENT ECONOMIC TROUBLES; THE \$200 MILLION THE SAUDIS ALLEGEDLY PROMISED TO FUND THE ZAKAT FUND HAS YET TO TURN UP. AND HE BEEN ABLE TO DELAY, WE BELIEVE HE WOULD HAVE DONE SO, RATHER THAN TURN OVER ALL THE REINS, EVEN FOR THIS BRIEF INTERVAL, TO SOMEONE SO EMINENTLY QUALIFIED TO HOLD THEM IN HIS OWN RIGHT. HE WILL HAVE TO FACE A NEW DECISION IN THIS REGARD WHEN HE DEPARTS FOR HAVANA IN 10 DAYS.

WE DETECT NO OTHER SIGNS THAT ANYTHING MORE THAN A TEMPORARY ABSENCE/STAND-IN IS AFOOT.

UNDEL

NNNNVV ESA707MJC993
 RR RUQMHR
 DE RUSBQD #9509 2330915
 ZNY CCCCC ZZH
 R.210930Z AUG 79
 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC 4484
 INFO RUHQHQA/CINCPAC HONOLULU HI
 RUQMGU/AMEMBASSY ANKARA 4172
 RUMJPG/AMEMBASSY BEIJING 612
 RUMJGM/AMEMBASSY COLOMBO 1823
 RUMJDK/AMEMBASSY Dacca 3477
 RUQMRA/AMEMBASSY JIDDA 851
 RUSBLK/AMEMBASSY KABUL 9596
 RUSBKR/AMCONSUL KARACHI 8574
 ZEN/AMCONSUL LAHORE
 ZEN/AMCONSUL PESHAWAR
 RUOTC/AMEMBASSY LONDON 4214
 RUEHMO/AMEMBASSY MOSCOW 1473
 RUSBAE/AMEMBASSY NEW DELHI 1276
 RUQMHR/AMEMBASSY TEHRAN 5398
 BT
 C O N F I D E N T I A L ISLAMABAD 9509

E.O. 12065: GDS 8/21/85 (CDAVID WELCH) OR-P
 TAGS: PINT, PK, MNUC, SHUM, PEPR, US
 SUBJ: (U) PRESS PUBLISHES BENAZIR BHUTTO'S "NUCLEAR DEAL"
 LETTER

REFS(A) ISLAMABAD 9161(B) ISLAMABAD 9316

1.(U) PAKISTAN PRESS INTERNATIONAL (PPI) RELEASED ON AUGUST 20 A PHOTOSTAT COPY(POUCHED NEA/PAB), OF WHAT IT ALLEGES TO BE THE BENAZIR BHUTTO LETTER DATED MARCH 26, 1978, TO HER BROTHER OFFERING TO TRADE PAKISTAN'S NUCLEAR PATRIMONY FOR U.S. SUPPORT FOR THE CLEMENCY OF THEIR FATHER (REF A). A PORTION OF THE LETTER IS REPRODUCED ON THE FRONT PAGE OF THE CONTROLLED "PAKISTAN TIMES" OF AUGUST 20. BENAZIR'S MOTHER, BEGUM NUSRAT BHUTTO HAD PREVIOUSLY DENIED THE LETTERS EXISTED AND DARED PPI TO PUBLISH THE ORIGINAL (REF B).

2.(U) THE INFAMOUS MISSIVE IS A RATHER ML AWY OGLONG, RAMBLING EXHORTATION TO MURTAZA BHUTTO CALLING ON HIM TO BEGIN TO ORCHESTRATE A PUBLIC RELATIONS AND DIPLOMATIC CAMPAIGN TO GAIN CLEMENCY FOR EX-PRIMIN ZULFIKAR ALI BHUTTO, POIGNANT IN PARTS, THE LETTER REVEALS BENAZIR'S FEAR THAT THE SUPREME COURT JUDGEMENT WOULD BE A RUBBER STAMP APPROVAL OF THE GOVERNMENT'S DECISION TO EXECUTE BHUTTO. BECAUSE HER CONFIDENCE IN THE JUDICIARY WAS SO LIMITED, BENAZIR WROTE THAT INTERNATIONAL PRESSURE, AND ESPECIALLY U.S. PRESSURE, ON PRESIDENT ZIA WOULD BE THE ONLY POSSIBLE COURSE AVAILABLE TO SAVE BHUTTO'S LIFE.

1.(U) BURIED IN THIS LONG MESSAGE ARE THE SECTIONS OF THE LETTER QUOTED EARLIER (REF A). BY THE GOVERNMENT-CONTROLLED PRESS TO SUBSTANTIATE THEIR VIEW THAT BENAZIR MADE A DEAL WITH THE U.S. THE SO-CALLED "KEY" LINES ARE ONLY FOUR OR FIVE BRIEF SENTENCES IN A TWELVE PAGE LETTER.

1.(C) COMMENT: THERE IS NO MENTION OF THE NUCLEAR ISSUE ANYWHERE IN THE BENAZIR LETTER; THERE IS, HOWEVER, MENTION OF THE BHUTTO "POLICY WHEN HE WAS FOREIGN MINISTER".. WHICH " WAS NOT DIRECTED AGAINST AMERICA BUT THE AMERICANS WERE CONVINCED THAT IT WAS." BHUTTO, OF COURSE, BECAME PRIME MINISTER IN 1971, WELL BEFORE THE NUCLEAR PROBLEM REALLY BEGAN TO REAR ITS HEAD. OUR READING OF THESE REMARKS IS THAT IN THEIR CONTEXT THEY IMPLY THAT THE PPP WOULD, IF ANYTHING, TRADE ITS RHETORIC FOR U.S. SUPPORT ON THE BASIS OF WHAT HAS BEEN PUBLISHED IT IS A LEAP OF FAITH TO SUGGEST THAT ANYTHING ELSE, LET ALONE PAKISTAN'S NUCLEAR PROGRAM, WAS "OFFERED".

2. THE GOVERNMENT MAY HAVE SCORED A MINOR PROPAGANDA POINT, HOWEVER, BECAUSE BEGUM BHUTTO DID DENY THE EXISTENCE OF THE LETTER AND OF ANY DEAL WITH THE U.S. WE CANNOT VOUCH THAT THE PPI COPY IS AUTHENTIC, BUT IT READS LIKE THE REAL THING AND THE HANDWRITING SHOULD BE IDENTIFIABLE. THE BHUTTO WOMEN MAY THEREFORE, HAVE BEEN TRAPPED A LIE WHICH COULD BE FURTHER EXPLOITED BY THE GOVERNMENT IN ITS CONTINUING ANTI-PPP PROPAGANDA CAMPAIGN.

HUMMEL

BT
 *9509

NNNNVV ESA663MJC871
 PP RUQMHR
 DE RUSBD #9547 2331200
 ZNY CCCCC ZZH
 P R 211120Z AUG 79
 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC PRIORITY 4487
 INFO RUSBLK/AMEMBASSY KABUL 9597
 RUEKRR/AMCONSUL KARACHI 8576
 ZEN/AMCONSUL LAHORE
 ZEN/AMCONSUL PESHAWAR
 RUEKAE/AMEMBASSY NEW DELHI 1278
 RUEKMR/AMEMBASSY TEHRAN 5399
 RUEKWW/AMEMBASSY KUWAIT 229
 RUEHAD/USINT BAGHDAD 40
 BT
 C O N F I D E N T I A L ISLAMABAD 9547

CN 887

POL
 CHG
 CHRON
 ECON
 RF

E.O. 12065: GDS 8/20/85 (C. DAVID WELCH) OR-P
 TAGS: PINT, PK, IR, OTRA (GRUMMON, STEPHEN R.)
 SUBJ: (U) ORIENTATION/CONSULTATION TRAVEL FOR STEPHEN R. GRUMMON

REFS: (A) STATE 206124 (B) GRIFFIN-HAGERTY LETTER 18 JULY
 (C) KARACHI 4768(NOTAL) (D) ISLAMABAD 8722

1. (C) ENTIRE TEXT.

2. WE WELCOME STEVE GRUMMON'S VISIT TO PAKISTAN AND
 SHOULD, INSHALLAH, BE ABLE TO PROVIDE A PROGRAM THAT
 MEETS THE INTERESTS MENTIONED IN GEORGE GRIFFIN'S LETTER
 OF JULY 18 TO POLCOUNCIL HAGERTY. CONTROL OFFICER FOR
 GRUMMON VISIT WILL BE FSO DAVE WELCH.

3. EMBASSY WILL MEET AND ASSIST GRUMMON IN RAWALPINDI
 ACCOMMODATIONS ARE RESERVED AT EMBASSY COMPOUND TRANSIENT
 APARTMENTS. WE HOPE GRUMMON WILL BE FREE TO ACCEPT
 INVITATION RECEPTION EVENING OF SEPTEMBER 4 AT
 HAGERTY RESIDENCE; THIS WILL AFFORD OPPORTUNITY TO
 MEET A WIDE VARIETY OF THE ISLAMABAD/RAWALPINDI
 DIPLOMATIC, GOVERNMENT, AND POLITICAL COMMUNITY. IF HE
 IS IN TOWN, AGHA NURUZZA POOYA, PROPRIETOR OF THE MUSLIM,
 WILL PROBABLY BE FREE TO SEE GRUMMON. WE ARE ARRANGING
 OTHER LOCAL CALLS AND APPOINTMENTS AT THE MINISTRY OF
 FOREIGN AFFAIRS.

4. CONGEN LAHORE IS ARRANGING APPOINTMENTS WITH LOUIS
 DUBOIS, SHIA LEADERS, AND OTHERS FOR SEPTEMBER 6. AL-
 THOUGH CONSUL GENERAL FULLER, DPO EISENBRUN, AND
 POL ADVISER WILL BE AWAY DURING THIS TIME, EISENBRUN
 WILL RETURN LATE ON THE 6TH AND WILL BE ABLE TO MEET
 NEXT MORNING WITH GRUMMON. CONGEN DRIVER WILL MEET AND
 ASSIST; HE WILL ALSO BE BRIEFED ON GRUMMON'S LAHORE
 SCHEDULE. HOTEL RESERVATIONS ARE BEING MADE.

5. ALTHOUGH CONSUL ARCHARD WILL NOT BE IN PESHAWAR
 SEPTEMBER 7-9, WE ANTICIPATE THAT BRUCE FLATIN, A/DCM
 KARACHI, WILL BE TRANSITING PESHAWAR AND STAYING AT THE
 ARCHARD RESIDENCE ON THE 8TH ARCHARD HOPES THAT GRUMMON
 WILL STAY AT THE RESIDENCE. DISCUSSION
 THERE WITH FLATIN WILL BE POSSIBLE, PRESUMING SCHEDULES
 DO NOT SLIP. CONSULATE POL ADVISER IS ARRANGING LOCAL
 CALLS. CONSULATE WILL MEET GRUMMON AT THE AIRPORT.

6. CONGEN KARACHI HAS SCHEDULED APPOINTMENTS FOR
 GRUMMON WITH THE CONSUL GENERAL AT 0920 HOURS, MR.
 R.A. AKHUND, ADDITIONAL CHIEF SECRETARY, PLANNING
 AND DEVELOPMENT, SIND, AT 1000 HOURS, AND WITH MR. M.
 G.M. AKHTAR, CHAIRMAN PAKISTAN INDUSTRIAL DEVELOPMENT
 CORP., AT 100 HOURS, MONDAY, SEPTEMBER 10. 8,
 ADDITION, THEY ARE SEEKING APPOINTMENTS WITH MR. MUNAWAR
 ALI KHAN, MEMBER, SIND PROVINCIAL ELECTION COMMITTEE,
 ALLAMA TALIB JAURBI AND PROMINENT BALUCHI POLITICAL
 LEADERS, INCLUDING BIZENJO, NAZARI AND MENGAL, IF
 THEY ARE IN TOWN. DPO BRIMS WILL ACCOMPANY GRUMMON.
 BRIMS ALSO INVITES GRUMMON TO STAY AT HIS HOME. GRUMMON
 WILL BE MET AT THE AIRPORT.

7. DETAILED SCHEDULES WILL BE PROVIDED ON ARRIVAL.

HUMMEL

BT
 #9547

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NNNNVV ESA05 7MJC862
 RR RUQMHR
 DE RUSBD #9605 2341300
 ZNY CCCCC ZZH
 R 221147Z AUG 79
 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC 4525
 INFO RUMJPG/AMEMBASSY BEIJING 616
 RUDKRB/AMEMBASSY BELGRADE 121
 RUMJGM/AMEMBASSY COLOMBO 1825
 RUMJDK/AMEMBASSY DACCA 3478
 RUQMRA/AMEMBASSY JIDDA 855
 RUSBLK/AMEMBASSY KABUL 9568
 RUSBKR/AMCONSUL KARACHI 8586
 ZEN/AMCONSUL LAHORE
 RUDTC:AMEMBASSY LONDON 4218
 RUEHMO/AMEMBASSY MOSCOW 1480
 RUSBAE/AMEMBASSY NEW DELHI 1289
 ZEN/AMCONSUL PESHAWAR
 RUQMHR/AMEMBASSY TEHRAN 5405
 RUEHTV/AMEMBASSY TEL AVIV 307
 RUHQHQ/CINCPAC HONOLULU HI
 RUEHUB/USINT HAVANA 13
 RUEHDT/USUN NEW YORK 1825
 VBT
 C O N F I D E N T I A L ISLAMABAD 9605

E.O. 12065: GDS 08/22/85 (HUMMEL, A.W.) OR-M
 TAGS: PORG, PK
 SUBJECT: (U) HAVANA NAM SUMMIT - ZIONISM AS RACISM ISSUE

REF: (A) STATE 220059, (B) ISLAMABAD 8682

1. (C) ENTIRE TEXT.

2. IN AUGUST 22 MEETING WITH GOP FOREIGN SECRETARY SHAHNAWAZ I RAISED ISSUE OF ZIONISM-RACISM AS REPRESENTED IN CUBAN DRAFT COMMUNIQUE. I MADE POINTS OUTLINED IN REFTEL AND EXPLAINED THIS CONCERN SUPPLEMENTS OUR PREVIOUS DISCUSSIONS WITH ADDITIONAL SECRETARY SAQIB ON CUBAN DRAFT (REFTEL B).

3. SHAHNAWAZ RESPONDED WITH GENERAL STATEMENT THAT GOP DELEGATION HAS STUDIED CUBAN DRAFT CAREFULLY AND IS WELL AWARE OF ITS FAULTS IN MANY AREAS. "WE WILL DO WHAT WE CAN", HE SAID, "WHEN THE COMMUNIQUE COMES UP FOR DEBATE." HE REMARKED THAT THE Z-R ISSUE IS ONE OF PARTICULAR SENSITIVITY TO PAKISTAN AS ITS POLICY AT HAVANA MUST NOT CONTRADICT PREVIOUS POSITIONS TAKEN IN ISLAMIC CONFERENCE MEETINGS. HE DID NOT GET MORE SPECIFIC.

I EXPRESSED BY DISAPPOINTMENT THAT THE YUGOSLAV AMBASSADOR IS NOT PRESENTLY IN COUNTRY AS HE WOULD PROBABLY HAVE MUCH TO OFFER ON NAM IN GENERAL, AND ON CUBAN DRAFT IN PARTICULAR. SHAHNAWAZ AGREED HEARTILY WITH MY DISAPPOINTMENT, BUT SAID THAT YUGO CHARGE HAD BEEN CHANNEL FOR MY VIEWS.

NEW SUBJECT: ZIA'S NAM TRAVEL PLANS:
 OUR LATEST INFO FROM MFA IS THAT PRESIDENT ZIA UL-HAQ WILL ARRIVE IN NEW YORK ON SEPTEMBER 1 AT 1630 ON SPECIAL AIRCRAFT. HE WILL RON NEW YORK (PROBABLY WILL BE JOINED BY WIFE AND CHILDREN FROM WASHINGTON), THEN DEPART SEPTEMBER 2 AT 1000 HOURS FOR DIRECT FLIGHT TO HAVANA, WITHOUT FAMILY. HIS POST-HAVANA PLANS ARE NOT YET CLEAR.

HUMMEL

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BUREAU OF
INTELLIGENCE
AND RESEARCH

(U) PAKISTAN'S SHORT-TERM PROSPECTS

Summary

(S) President Zia-ul-Haq's chances of finishing out the year as Pakistan's leader are in doubt. He has called elections for November 17, but it would not be surprising if he canceled or postponed them. He would run some risk in doing so. Martial law is unpopular, and he would face increasing unrest.

(S) Tensions between the provinces will continue to frustrate Zia's efforts to develop a national consensus on the type of government Pakistan should have. The deep malaise in Pakistan is thus unlikely to improve by the end of 1979. On the other hand, there are few clear alternatives to Zia, and the military probably will stick with him at least as long as the country is peaceful.

(C) On the economic front, Pakistan is encountering severe difficulties. Inflation is accelerating. The size of the balance of payments deficit has caused Pakistan to ask for debt rescheduling.

(C) Foreign affairs also present problems for Zia. He would like to be able to use the US as a counterweight to the USSR, but his determination to proceed with nuclear development is complicating Islamabad's relations with Washington. The Pakistani nuclear program also may eventually impede the present improvement in relations with India, which are the best they have been in recent history. Finally, Pakistan's relations with Afghanistan will continue to be dangerously uneasy.

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RDS-2 8/24/85 (multiple sources)

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

Report No. 123
August 24, 1979

Zia's Political Problems

(C) Lack of firm leadership has had a profoundly depressing effect on the Pakistani population. While President Zia is not actively hated--his martial law administration is not harsh--he is generally regarded as a bungler incapable of extricating himself or the country from the current troubles. Among the upper and middle classes, there is a flight of capital and talent that bodes ill for Pakistan's future political and economic stability.

(U) Zia's main political opposition continues to come from former Prime Minister Bhutto's Pakistan People's Party, which has shown signs in the past month of regenerating its power as the largest and best-organized political party in Pakistan's history. Although initially reeling from the shock of Bhutto's execution last April, the party's leaders are increasingly confident that they could win any fair election in Pakistan.

(C) Their strategy reportedly is to lie low, avoid confronting the martial law administration on any issue, and make their case to the people. While the party still faces potential problems over leadership, Bhutto's wife has announced her claim to head it. She may be able to supply the unity the party needs to compete in the elections, though she will be largely a figurehead.

(U) Zia also faces potential opposition from those who once supported him. The loose coalition of parties that banded together to topple Bhutto in 1977 extended its support to the successor martial law government. The parties gradually fell away, however, in disputes with Zia over various issues, culminating with the complete withdrawal of civilian political participation in Zia's government a month after Bhutto's execution. They have now joined the Pakistan People's Party in opposing continuation of martial law and calling for elections.

(U) Factionalism and a lack of charismatic leaders plague Pakistan's political groupings. One of the formerly

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powerful opposition organizations, the tribal-based National Democratic Party, recently split apart in a clash over personalities and over the degree of provincial autonomy that the party would espouse.

The Election Issue

(C) Whether Zia will hold elections is uncertain. Late as July 22, he recommitted himself to polls in November. The outcome he desires would be a majority of seats won by center and rightist parties, which would then form a governing coalition--possibly with a strong military president to keep them on an even keel. A victory by the People's Party on the other hand, would threaten Zia's personal liberty as well as reinstate policies that Zia believes bankrupted the country both morally and economically.

(C) With electoral modifications designed to weaken the opposition, Zia might go ahead with elections. He has insisted that not only will he turn over power to an elected government, but also that he will resign as Chief of Army Staff and retire from public life. That he would willingly take himself completely out of public life, however, seems unlikely.

(C) Despite his assurances that elections will be held, it would not be out of character for Zia to reverse himself out of fear of the latent strength of the opposition. He could also cancel elections for other reasons, particularly if there is pre-election turmoil, or even--as some are convinced--to be sure of keeping his job.

(S) If Zia does break his promise to hold elections, increasing public unrest can be expected. The People's Party would certainly take the lead to try to bring him down. He would also face rising pressure from within the military. Several of his generals feel that the army has already been too long in the difficult and distracting business of running the country. If he does not hold elections soon, they might quietly press him to step aside. Zia, however, probably would be able to resist such pressures as long as he is not confronted with serious internal disorders at the same time.

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Economic Problems

Pakistan's poor economic prospects reflect the lack of successful political leadership. Industrial production is suffering somewhat from the stagnation of the Bhutto era, though political uncertainties are inhibiting investment confidence in the private sector. Agricultural performance remains mixed. Wheat production is at a record level and has been showing steady increases in production; on the other hand, cotton, vital both to the domestic textile industry and as an export earner, remains in a prolonged slump. Overall growth in gross domestic product in 1978-79 was in the range of 6 to 7 percent for the second year in a row, in contrast to the 2- to 3-percent rates that prevailed during the last years of Bhutto's rule.

At the same time, Pakistan is rapidly approaching financial crisis, and its leaders have once again requested debt rescheduling. At the heart of its difficulties are massive government budget deficits swollen by large consumer subsidies and by heavy expenditures on misconceived public-sector industrial projects, the nuclear program, and a large defense budget.

The result is an accelerating inflation rate and a severe balance of payments problem. Only a high level of repatriate worker remittances prevented a balance of payments crisis last year. In the meantime, the external debt service burden is increasing rapidly, resulting in a serious erosion of net foreign aid flows. A foreign debt rescheduling exercise will probably become a necessity within the next year, but Pakistan's official creditors remain reluctant to consider special financial accommodations until the government shows more determination to try to live within its means.

The Foreign Equation

(S/NF/NC/OC) Pakistan's troubled relationship with the US is a central preoccupation for Pakistani leaders. Zia, however, is not likely to go very far to compose the differences. Instead, he seems likely to feed anti-American propaganda as a way to deflect domestic criticism.

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(S/NF/NC/OC) The most probable issue for collision with the US is the Pakistani nuclear program. There is a good possibility that Islamabad will continue its clandestine effort to gain a nuclear explosive capability. It appears to be attempting to mask its efforts with the label of "research and development." The Pakistanis seem bent on stringing out negotiations with the US and other Western countries in order to gain time for their scientists. There are conflicting reports on when such a test would be technically feasible. Some reports suggest Islamabad may try to detonate a device as early as this fall. It is not likely, however, that Pakistan will have the capability to conduct a test this year, as was previously expected.

(C) Another problem in the US-Pakistani relationship is the unchecked expansion of opium poppy cultivation in the tribal areas of Pakistan along the Afghan border. The output of the Pakistani area probably reached 400 metric tons last year. Combined with the production of neighboring Afghanistan, the total surpasses that of the "Golden Triangle";^{1/} and Pakistani refining capacity is becoming increasingly sophisticated.

(C) The Pakistani writ of authority, never very strong in tribal areas, is now even less effective in controlling opium production and smuggling because of the insurgency on the Afghan side of the border. In addition, the Islamic ordinance introduced in February banning all intoxicants paradoxically threw the narcotics control apparatus into a shambles when it removed existing enforcement mechanisms without providing new ones.

(C) Afghanistan will continue to be an urgent foreign policy problem for Pakistan over the next six months. So far, Islamabad has reacted with considerable restraint to the pressure of approximately 140,000 refugees inside its borders, hostile propaganda from Kabul and Moscow, and various border incidents such as jet aircraft overflights and occasional shelling. Islamabad's urge to aid the dissidents in overthrowing the unfriendly Taraki/Amin regime may

^{1/} The inaccessible, mountainous Shan plateau which ranges from northeastern Burma into Thailand, Laos, and China.

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grow but will be tempered by the knowledge that the Soviets and Afghans have the capability to make things quite uncomfortable for Pakistan by meddling in Baluchistan.

(C) Pakistan should achieve its goal of joining the non-aligned movement following September's summit meeting in Havana. Islamabad has made a wide-ranging and effective effort in lobbying support for admission. Pakistan is likely to be admitted even in the face of Afghan opposition--which Afghanistan has threatened. India dropped its opposition to Pakistan's entry after dissolution of the CENTO alliance early this year.

(C) Relations with India are the one bright spot in Pakistan's present situation. They are better than they have been for the nearly 33 years of the countries' separate existence. Not only are there full diplomatic and consular relations but also air, land, communications, and trade links. The unresolved Kashmir issue has seemingly been pushed to a back burner, and each country has been carefully noncommittal about the internal and foreign affairs problems of the other. The Pakistani leadership was especially relieved by India's restraint when Bhutto was executed. Although Islamabad still distrusts New Delhi for its relationship with the Taraki regime in Kabul, in some ways Pakistan has come to look upon India as a source of support.

(S) This harmony is not likely to last. Desai's ouster and replacement by Charan Singh will certainly herald a more nationalistic, less idealistic Indian government. Although not otherwise hostile to Pakistan, Indian policy is likely to be determined by sensitivity over the nuclear issue. If New Delhi perceives the Pakistani nuclear weapons effort as serious, it could quickly lead to a deterioration in relations. As India prepares for elections this November, the caretaker Singh government is not likely to take any dramatic steps that would undermine relations, though some of the campaign rhetoric could focus on the threat of a Pakistani "bomb."

Prepared by Karen Longeteig
x28575

Approved by George Harris
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TO RUEBQ/SECSTATE WASHDC 4502

INFO RUEHQQA/CINCPAC HONOLULU HI

RUCNGU/AMEMBASSY ANKARA 4175

RUMCPG/AMEMBASSY BEIJING 621

RUMCGM/AMEMBASSY COLOMBO 1832

RUQOMRA/AMEMBASSY JEDDA 962

RUSHL/AMEMBASSY KABUL 9615

RUQOMRA/AMCONSUL KARACHI 6025

ZEN/AMCONSUL LAHORE

RUDYC/AMEMBASSY LONDON 4225

RUMCGM/AMEMBASSY MOSCOW 1466

RUSHAH/AMEMBASSY NEW DELHI 13

ZEN/AMCONSUL PUNEWAR

RUQOMRA/AMEMBASSY TEHRAN 541

RUQOMRA/AMCONSUL Leningrad 911

BT

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F.O. 12000: A/A

TAGS: OREP (COPEL WOI-P) FILL. DEIN. LARA. FILL. PA
SUBJECT: (LOC) GOP BRIEFINGS FOR COPEL WOI-P

1. THREE-HOUR SESSION AT CIA ON AUGUST 16, 1973, TO DISCUSS BILLING AS A BRIEFING AND DISCUSSION; 8.12 PM. PAKISTAN GOVERNMENT WIDE WIDE LOST AMOUNT. BILL OF INTELLIGENCE, GULAM ISHAQ KHAN, FINANCE MINISTER, AND AGHA SHAHI, FOREIGN AFFAIRS ADVISOR (ON FACTO FOREIGN MINISTER) TO THE PRESIDENT; SHAHI PAID BRIEFINGS WERE FULL, AND EXCHANGE, SPIRITED.

2. INTELLIGENCE BRIEFING: DEIN. AGHA SHAHI BRIEFING COVERED MAINLY THE THREATS TO PAKISTAN'S SECURITY FROM ITS TWO IMMEDIATE NEIGHBORS, AFGHANISTAN AND INDIA, AS WELL AS MORE GENERAL CONCERNS ABOUT SOVIET HAND IN AND BEHIND AFGHAN SITUATION. HE NOTED APRIL 1976 REVOLUTION IN KABUL HAD BROUGHT SOVIET UNION FROM OXUS TO HYDER IN ONE STEP. HE RECOUNTED DEVELOPMENTS IN AFGHANISTAN SINCE THEN, DESCRIBED STATUS OF REBELLION NOW UNDERWAY IN 24 AND 25 PROVINCES, AND DETAILED ARMS PROVIDED BY MOSCOW. AGHA SHAHI OF INDIA AS "PARAMOUNT" REGIONAL POWER. STATED THE INDI-

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SOVIET RELATIONSHIP TO THE SINO-SOVIET CONFLICT, EMPHASIZED INDIA'S MILITARY AND TECHNOLOGICAL SUPERIORITY OVER ITS NEIGHBORS, AND CHARACTERIZED PAKISTAN AS A "STUMBLING BLOCK" TO INDIA'S "ARROGATION TO ITSELF OF THE ROLE OF THE REGIONAL INFLUENTIAL -- A ROLE APPROVED, SAID, BY BOTH THE US AND THE USSR. BRIEFING WAS LONG ON CAPABILITIES EMPHASIZING INDIAN MILITARY AND INDUSTRIAL MIGHT, AND TYPICALLY SHORT ON INTENTIONS.

3. SHAHI BRIEFING: FOREIGN ADVISOR AGHA SHAHI'S PRESENTATION WAS EFFORT AIMED AT DEMONSTRATING US-PAKISTAN RELATIONS HAVE HAD MANY POINTS OF FRICTION OVER THE YEARS, EXPRESSING HOPE FOR FUTURE RELATIONS, AND DENYING THAT PAKISTAN PLANS TO DEVELOP A NUCLEAR WEAPONS CAPABILITY.

4. IN BRIEF HISTORICAL RESUME, SHAHI TICKED OFF: (A) US MILITARY AID TO INDIA IN 1962; (B) US UNHAPPINESS WITH WARMING PAKISTAN-CHINESE RELATIONSHIP IN 1964; (C) US ACTIONS DURING 1965 INDO-PAK CONFLICT, INCLUDING ARMS EMBARGO WHICH HE CLAIMED (PROPOUNDED) LASTED THROUGH 1975; (D) PAK DISAPPOINTMENT OVER THE YEARS WITH CETO AND WITH US LATTER-DAY ECONOMIC AND MILITARY AID PERFORMANCE (IN CONTRAST WITH OBLIGATIONS OF 1954 AND 1959 AGREEMENTS); (E) THE A-7 TURN-DOWN; (F) THE CONTROVERSY OVER THE FRENCH NUCLEAR REPROCESSING PLANT CONTRACT (WHICH, HE SAID, THE US URGED HE ABROGATED WHILE PROCLAIMING THE SOLEMNITY OF US CONTRACTUAL OBLIGATIONS RE TARAPUR IN INDIA); AND, (G) THE PRESENT APPLICATION OF THE SYMINGTON AMENDMENT OVER THE NUCLEAR ENRICHMENT ISSUE (NOTING THIS IS DOUBT STANDARD IN COMPARISON WITH CONTINUED US SALES OF ENRICHED FUEL TO INDIA, WHICH HAS EXPLODED NUCLEAR DEVICE). IN THIS CONTEXT, SHAHI EXPLICITLY ACKNOWLEDGED PAKISTAN'S NEWLY ACQUIRED CAPABILITY TO SPLIT URANIUM IN RESPONSE TO COPEL QUERIES WHY SUCH CAPABILITY IS NECESSARY IN VIEW OF ABSENCE OF PAK PEACEFUL REQUIREMENT FOR ENRICHED URANIUM, SHAHI EMPHASIZED PAK DETERMINATION TO ACQUIRE FULL FUEL CYCLE SO AS TO BE IMMUNE FROM FOREIGN PRESSURES AS HAPPENED WITH KANUPP AND THE CANADIANS. HE ALSO STATED FLATLY THAT PAKISTAN HAS NO INTENTION TO MAKE A BOMB.

5. SHAHI RECOUNTED PAK WILLINGNESS TO PUT FRENCH PLANT UNDER SAFEGUARDS AND PLUTONIUM THROUGH UNDER INTERNATIONAL CONTROL. HE ALSO RECAPTURED PAKISTAN'S EFFORTS TO ACHIEVE SOME SORT OF NUCLEAR-FREE ZONE ON A REGIONAL BASIS, INCLUDING ITS SANWAZ AND ITS OFFER TO INDIA OF MUTUAL INSPECTIONS. PAKISTAN IS

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ALONE IN THE REGION WITH INDIA, AND "OLD THREAT", AND
AFGHANISTAN, A "NEW THREAT," AND WITH BOTH "SUPERPOWERS"
AGAINST US. BUT PAKISTAN IS "PROUD," HE SAID, AND THE
CAMPAIGN OF SCORN IN THE US MEDIA WILL WIN NO FRIENDS
HERE." SHAHI HINTED AT POSSIBLE PAC ACCOMMODATION WITH
USSR WHICH HE SAID MANY INTELLECTUALS FAVOR.

6. ON ISLAMIC BOMB ALLEGATIONS, SHAHI SAID CATEGORICALLY:
WE HAVE NOT THE TECHNOLOGY TO BUILD A BOMB. WE HAVE
NOT SOLICITED NOR HAVE WE RECEIVED AID IN OUR NUCLEAR
PROGRAM FROM ANY MUSLIM COUNTRY. THAT WE ACHIEVE IN
OUR (PEACEFUL) PROGRAM WILL BE AN ACHIEVEMENT FOR
PAKISTAN AND WILL PUT PAKISTAN IN THE SUPPLIER MARKET.
WE HAVE NO INTENTION TO DEVELOP WEAPONS." AT A LATER
POINT, SHAHI ASKED RHETORICALLY IF THE US COULD PROVE
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FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC 4567

INFO RUHQHQA/CINCPAC HONOLULU HI

RUHQMU/AMEMBASSY ANKARA 4176

RUHQJG/AMEMBASSY BEIJING 622

RUHQJG/AMEMBASSY COLOMBO 1833

RUHQJG/AMEMBASSY JIDEA 363

RUHQJG/AMEMBASSY KAPUL 9616

RUHQJG/AMCONSUL KARACHI 8606

ZEN/AMCONSUL LAHORE

RUHQJG/AMEMBASSY LONDON 4226

RUHQJG/AMEMBASSY MOSCOW 11487

RUHQJG/AMEMBASSY NEW DELHI 1326

ZEN/AMCONSUL PESHAWAR

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C O N F I D E N T I A L

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PAKISTAN HAS RECEIVED MONEY FOR ITS NUCLEAR PROGRAM
FROM LIBYA OR ANY OTHER; HE CHARACTERIZED THE NOTION
THAT LIBYA COULD WANT "A CRUDE PAKISTAN BOMB FOR
JIHAD AGAINST JEWS AND CHRISTIANS;" AS "PURE FANTASY."

7. CHAIRMAN WOLFF, CHARACTERIZING THE BURT ARTICLE
AS "INFAMOUS," DESCRIBED HIS OWN CODEL AS "COMMANDOS
OF PEACE," INTERESTED IN LONG-TERM TIES WITH PAKISTAN,
NOT A RELATIONSHIP BASED ONLY ON COMMON ENES. HE
DESCRIBED HIS BASIC CONCERN AS "STABILITY IN THE REGION,
WHICH HE CHARACTERIZED AS BEING IN PAKISTAN'S AND
AMERICA'S INTEREST. NUCLEAR QUESTION, HE SAID,
THREATENS TO OPEN A PANDORA'S BOX IN THE REGION. HE
SPOKE OF CONGRESSIONAL ATTITUDES ON NON-PROLIFERATION.
SUPPORTED THE SYMINGTON AMENDMENT, AND ATTEMPTED TO
EXPLAIN US USE OF DIFFERENT APPROACHES IN DIFFERENT
COUNTRIES, DEPENDING ON THEIR NUCLEAR STAGE.

9. WOLFF EMPHASIZED THE NEED FOR TRUST IN THE US-PAK
RELATIONSHIP, POINTED OUT THE CONTINUING EXISTENCE OF
THE 1954 AND 1959 AGREEMENTS (NOT RENOUNCED), SPOKE
OF THE NEED TO IGNORE UNFORTUNATE ARTICLES AIMED AT
SELLING PAPERS, ASSURED SHAHI THAT THE US HAS NO

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INTENTION TO INTERFERE IN PAKISTAN'S INTERNAL AFFAIRS. HE STATED THAT THE US SHOULD TRY TO HELP PAKISTAN IN WHAT HE SAID WAS A CRISIS. HE POINTED TO THE CONSTRAINTS OF ISLAM (AND POLICY), HOWEVER, AND EXPRESSED HIS OWN PERSONAL OPINION AS TO THE NEED TO CONTROL NUCLEAR PROLIFERATION.

17. OTHER MEMBERS OF CODEL, WHILE OCCASIONALLY EXPRESSED DIFFERENCES AMONG THEMSELVES ON VARIOUS ISSUES, TENDED IN THE MAIN TO SUPPORT WOLFF'S POSITION. ROBERT AND LANDMANN, CHARGING GOP TO ASSIST US IN OUTLIVING THIS SITUATION BEHIND US, GUYER EMPHASIZING THE NEED TO GET THE ECONOMY GOING AGAIN, AND BOHR STATED AND LANDMANN URGING PAKISTAN TO RECONSIDER PLANS TO DEVELOP WEAPONS CAPABILITY.

11. IN PARTIAL RESPONSE TO WOLFF, GHULAM ISHAQ INDICATED PAKISTAN IS "ATTEMPTING TO MASTER THE NUCLEAR FUEL CYCLE", TO MEET ITS FUTURE ENERGY NEEDS. THIS WILL TAKE 5-12 YEARS, HE SAID. THE NEXT PLANT PAKISTAN WILL BUILD WILL BE BREEDER REACTORS, WHICH WILL REQUIRE ENRICHED FUEL. HE ADDED: WE ARE POOR, AND WE ARE SMALL. BUT WE ARE NOT IRRESPONSIBLE. PAKISTAN WOULD VANISH IN A NUCLEAR HOLOCAUST.

12. GHULAM ISHAQ BRIEFINGS IN SHORTEST OF THE PRESENTATIONS. FINANCE MINISTER GHULAM ISHAQ KHAN ROUTINELY REPEATED STANDARD GOP POSITION ON ECONOMIC SITUATION. HE STARTED BY SAYING THAT PRESENT GOVERNMENT HAD INHERITED A "SCRAMBLE" OF AN ECONOMY AND IN THE TWO YEARS HAS DONE A LOT TO SALVAGE IT. THIS IS EVIDENCED BY TWO STRONG YEARS OF PRODUCTIVE ECONOMIC GROWTH CONCENTRATED IN PRODUCTIVE SECTORS, WHICH CONTRASTS WITH SEVERAL PREVIOUS YEARS OF STAGNATION IN ALL BUT A FEW SECTORS. THE GOVERNMENT HAS ALSO DEALT FIRMLY WITH THE BUDGET PROBLEM, AS EVIDENCED BY THE MUCH CRITICIZED EFFORT TO RAISE TAXES SUBSTANTIALLY. THE BALANCE OF PAYMENTS SITUATION WILL TAKE LONGER TO TURN AROUND. TO BUY TIME, THE GOP HAS REQUESTED DEBT RESCHEDULING AT THE LAST TWO AID TO PAKISTAN CONSORTIUM MEETINGS. HE PROMOTED THE TARGET OF .75 PERCENT OF GNP BY DCs FOR FOREIGN ASSISTANCE INTO A "COMMITMENT", AND SAID U.S. WAS DEVOTING SCARCELY .25 PERCENT OF GNP TO FOREIGN ASSISTANCE. MISREPRESENTING WHAT ACTUALLY HAPPEND AT CONSORTIUM MEETINGS, ISHAQ CLAIMED THE REQUESTS HAD BEEN BLOCKED BY THE U.S. BOTH TIMES. HE WENT ON TO SAY THAT IF PAKISTAN DID NOT RECEIVE ADDITIONAL AID OR DEBT RESCHEDULING, ITS DEVELOPMENT WOULD COME TO A HALT AND THE MISERY OF THE

POPULATION WOULD BE INCREASED. HE DID NOT, HOWEVER, SUGGEST DEFAULT AS A RESULT OF THE BALANCE OF PAYMENTS CRISIS. AN OMISSION WE INTERPRET AS STEERING FROM A DESIRE TO BE REASONABLE AND NON-THREATENING TO THAT AUDIENCE.

13. REPORT ON CODEL NARCOTICS BRIEFINGS FOLLOWS SEPTIL.

14. THIS REPORT NOT , RPT NOT, SEEN BY CODEL. HUMMEL
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 ZNY 000000 ZZZ
 R 100700Z SEP TO
 FM AMEMBASSY ISLAMABAD
 TO SECDEF/SECSTATE WASHDC 4771
 INFO RUMJGM/AMEMBASSY COLOMBO 1850
 RUMJGM/AMEMBASSY DACC 3825
 RUMJGM/AMEMBASSY KABUL 0855
 RUMJGM/AMCONSUL KARACHI 0701
 RUMJGM/AMEMBASSY KATHMANDU 1841
 ZNY 000000R LAGOS 0000R
 RUMJGM/AMEMBASSY LONDON 4245
 RUMJGM/AMEMBASSY MANILA 1355
 RUMJGM/AMEMBASSY NEW DELHI 1707
 RUMJGM/AMEMBASSY PARIS 1231
 ZNY 000000R PLESAWAM 0000R
 RUMJGM/AMEMBASSY PEKING 5420
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MANILA FOR ALS

PARIS ALSO FOR OECD

ZNY 120000Z NA

TAGS: EAGR EAGR EPIN PK

SUBJECT: PAKISTAN PRESS REPORTS \$200 MILLION SAUDI LOAN FIM

REF: KARACHI 4887

1. (U) PAKISTAN TIMES, SEPTEMBER 9, REPORTS THAT "PAKISTAN HAS NOW FINALIZED AGREEMENT WITH SAUDI ARABIA FOR A \$200 MILLION INTEREST-FREE LOAN DISBURSABLE IN TWO INSTALLMENTS DURING THE CURRENT FISCAL YEAR". THE ARTICLE GOES ON TO SAY THAT THE FIRST \$100 MILLION IS EXPECTED DURING THE LAST WEEK OF THE CURRENT MONTH WITH THE SECOND \$100 MILLION TO BE DRAWN DOWN IN JUNE. THE ARTICLE REPORTS THE TERMS OF THE LOAN AS BEING INTEREST-FREE, REPAYABLE IN SEVEN YEARS INCLUDING A FOUR YEAR GRACE PERIOD.

2. (IOU) COMMENT: THE ARTICLE, WRITTEN BY ASLAM SRIKKE, A USUALLY RELIABLE JOURNALIST ON ECONOMIC MATTERS, CONFIRMS RUMORS WE HAVE HEARD THAT EAD SECRETARY ATTAB VISITED THE LOAN DURING HIS LAST TRIP TO SAUDI ARABIA. BANKS AND FINANCE MINISTRY OFFICIALS HAVE BEEN SAYING

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THEY EXPECTED THE FIRST \$100 MILLION TO ARRIVE IN SEPTEMBER. THE LOAN WILL BE A SIGNIFICANT HELP TO PAKISTAN'S BALANCE OF PAYMENTS. END COMMENT.

(U) COPIES OF ARTICLES BEING FORWARDED TO DEPARTMENT, WASHDC, BUREAU.

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 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC 4919
 INFO RUQMGU/AMEMBASSY ANKARA 4187
 RUMJPG/AMEMBASSY BEIJING 646
 RUMJGM/AMEMBASSY COLOMBO 1858
 RUMJDK/AMEMBASSY DACCA 3510
 RUQMRA/AMETOASSY JIDDA 884
 RUSBLK/AMEMBASSY KABUL 9695
 RUSBKR/AMCONSUL KARACHI 8754
 ZEN/AMCONSUL LAHORE POUCH
 RUDTC/AMEMBASSY LON
 ON 4254
 RUEHMO/AMEMBASSY MOSCOW 1513
 RUSBAE/AMEMBASSY NEW DELHI 1405
 ZEN/AMCONSUL PESHAWAR POUCH
 RUQMHR/AMEMBASSY TEHRAN 5439
 RUHQHQA/CINCPAC HONOLULU HI
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 C O N F I D E N T I A L ISLAMABAD 10655

MILITARY ADDRESSEES ALSO FOR POLADS

1. (C) ENTIRE TEXT.

2. RADM ROBERT W. CHEWNING, COMMANDER, MIDDLE EAST FORCES (MIDEASTFOR) PAID HIS INITIAL VISIT TO PAKISTAN 15-19 SEPTEMBER DURING HIS STAY ADM CHEWNING SPENT THREE DAYS IN ISLAMABAD WHERE HE HELD MEETINGS WITH MILITARY AND CIVILIAN GOV OFFICIALS. THIS CABLE REPORTS SUBSTANCE OF THE ADMIRAL'S MEETINGS WITH FOREIGN ADVISOR AGHA SHAHI AND FONSEC SHAHNAWAZ. MEETING WITH PRESIDENT ZIA UL-HAQ REPORTED SEPTEL.

3. ADMIRAL CHEWNING CALLED ON MFA ON MORNING OF SEPTEMBER 17 WHERE HE WAS SCHEDULED TO MEET WITH FOREIGN SECRETARY SHAHNAWAZ. ON ARRIVAL AT MINISTRY, SHAHNAWAZ ADVISED ADMIRAL THAT FOREIGN ADVISOR AGHA SHAHI WOULD RECEIVE THEM AND THAT THE FOREIGN SECRETARY WOULD SIT IN. EMBOFF ACCOMPANIED AS NOTETAKER.

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1. AGHA SHAHI OBVIOUSLY WANTED SPECIFICALLY TO TALK ABOUT SOVIET SHIP MOVEMENTS AND MTER ACTIVITY IN THE INDIAN OCEAN AREA. HE ASKED ADM CHEWNING WHETHER THE SOVIETS REGULARLY FOLLOW U.S. SHIPS AND WHETHER THERE IS MUCH COMMUNICATION BETWEEN THE TWO NAVIES. HE ALSO ASKED KNOWLEDGEABLE QUESTIONS ABOUT SOVIET ACTIVITIES AT INDIAN PORTS, SOQOTRA AND CAM RAHN BAY. AT THE LATTER, HE SAID, THE CHINESE ARE CONVINCED THE SOVIETS MAINTAIN A NAVAL BASE AND THAT THE FACILITIES HAVE STRATEGIC IMPORTANCE FOR SOVIET PRETENTIONS IN S.E. ASIA AND THE INDIAN OCEAN.

4. ADM CHEWNING DENIED THERE WAS ANY TRUTH TO A RUMOR AGHA SHAHI HAD HEARD IN ABU DHABI THAT PRINCE HASHID IS BUILDING A NAVAL BASE THERE WHICH WILL BE USED BY THE U.S. NAVY. HE ALSO GAVE SHAHI A BROAD BRUSH DESCRIPTION OF SOVIET NAVAL ACTIVITIES IN THE AREA, INCLUDING HIS VIEW THAT, ALTHOUGH SOVIET SHIPS CALL REGULARLY AT INDIAN PORTS, THERE IS NO EVIDENCE THEY HAVE FACILITIES. HE DESCRIBED MIDEASTFOR FACILITIES AND SHIPS FOR SHAHI AND COMPARED HIS ASSETS WITH THOSE OF THE SOVIET FORCES IN THE AREA.

6. IN RESPONSE TO THE FOREIGN ADVISOR, ADM CHEWNING DESCRIBED IN GENERAL TERMS THE CONFIGURATION OF THE USN WORLD-WIDE WITH DELINEATION OF EACH FLEET'S AREAS OF RESPONSIBILITY. ALSO AT SHAHI'S REQUEST HE DESCRIBED THE DESTROYERS BEING SOLD BACK TO THE U.S. BY IRAN. SHAHI SEEMED FASCINATED BY ADMIRAL'S DESCRIPTION OF THE TECHNOLOGICAL MARVELS OF THE SPRUANCE CLASS DESTROYER AND RAISED IN A VERY LIGHT MANNER THE SUBJECT OF PAKISTAN'S HEARING CLASS DESTROYERS. WITHOUT MENTIONING ANY FUTURE DELIVERIES (OR LACK THEREOF) OF GEARINGS, ADM CHEWNING DESCRIBED THE TWO ALREADY DELIVERED AS GOOD SHIPS FOR WHAT THE PAKISTANIS NEED. SHAHI LET THE SUBJECT DROP THERE. HUMMEL

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TO RUEHC/SECSTATE WASHDC PRIORITY 4920

INFO RUMJDK/AMEMBASSY DACCAC 3511

RUSBLK/AMEMBASSY KABUL 9696

RUSBKR/AMCONSUL KARACHI 8755

RUMJHT/AMEMBASSY KATHMANDU 1846

RUSBDQ/AMCONSUL LAHORE 6638

RUDTC/AMEMBASSY LONDON 4255

RUMJMA/AMEMBASSY MAINLA 1389

RUSBAE/AMEMBASSY NEW DELHI 1406

ZEN/AMCONSUL PESHAWAR

RUFNPS/AMEMBASSY PARIS 3254

RUQMHR/AMEMBASSY TEHRAN 5440

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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 3 ISLAMABAD 10656

MINILA FOR ADB; PARIS ALSO FOR OECD

E.O. 12065: NA

TAGS: EFIN, EAID, EAGR, PK

SUBJECT: (U) UPDATED BALANCE OF PAYMENTS PROJECTION - PFY1979

REF: (A) ISLAMABAD 4132, (B) STATE 208884

SUMMARY: WE HAVE UPDATED AND REFINED THE PFY1979/80 BALANCE OF PAYMENTS PROJECTION WE DID IN MARCH (REFTEL A) AND COMPARED IT WITH THE CURRENT MINISTRY OF FINANCE PROJECTION. IN THE MIX OF CHANGES, THE NET RESULT IS A SOMEWHAT SMALLER, BUT STILL SUBSTANTIAL, UNFINANCED GAP, AND THIS MAINLY BECAUSE WE NOW EXPECT SOME NET SHORT-TERM BORROWING. WE DO NOT EXPECT THE OIL PRICE INCREASE TO HAVE A CATASTROPHIC IMPACT ON THE BALANCE OF PAYMENTS BECAUSE IT IS BEING PARTLY OFFSET BY BELT TIGHTENING -- AT THE EXPENSE OF THE DEVELOPMENT PROGRAM. WE ESTIMATE EXPORTS TO BE \$2 BILLION, COMPARED TO \$1.95 BILLION IN THE GOP FORECAST, ON THE STRENGTH OF CONTINUED GOOD PERFORMANCE OF RICE AND COTTON EXPORTS. IMPORTS, PARTLY BECAUSE OF HIGHER OIL AND OTHER PRICES, ARE LIKELY TO BE ABOUT \$4 BILLION. THE GOP ESTIMATES ABOUT \$4.2 BILLION, BUT WE THINK ITS METHODOLOGY OVERESTIMATES PUBLIC SECTOR IMPORTS. THE INVISIBLES ACCOUNT SHOULD BE IN SURPLUS BY ABOUT \$1 BILLION. THANKS TO ABOUT PERHAPS \$1.6 BILLION IN WORKER REMITTANCES. WE EXPECT A CURRENT ACCOUNT DEFICIT OF ABOUT \$1 BILLION COMPARED TO A GOP ESTIMATE OF \$1.2 BILLION. WE ESTIMATE NET LONG-TERM CAPITAL INFLOWS AFTER SUBTRACTING REPAYMENTS, TO BE AROUND \$540 MILLION; THE GOP PROJECTS \$577 MILLION

BASIC BALANCE PROJECTION IS FOR A DEFICIT OF \$438 MILLION, SOMEWHAT LESS THAN THE GOP'S \$635 MILLION BECAUSE THE DIFFERENCE IN EXPECTED IMPORTS. BEYOND THIS, THERE \$285 MILLION OF SHORT-TERM DEBT INCURRED LAST YEAR MUST BE REPAYED. THE GOP IS TRYING TO RAISE \$460 MILLION IN SHORT-TERM LOANS AND SUPPLIERS CREDITS FOR NET SHORT-TERM INFLOW OF \$175 MILLION, WE DOUBT THEY WILL BE FULLY SUCCESSFUL, AND ARE CARRYING A FIGURE OF \$0 MILLION, WHICH MAY BE TOO HIGH. WE HAVE ALSO EXCLUDED FROM OUR FORECAST THE \$90 MILLION FROM THE IMF TRUST FUND THE PAKISTANIS EXPECT TO GET. ADDING THE BASICBALANCE. SHORT-TERM OPERATIONS AND TRANSACTIONS AND READY ARRANGED DEBT RELIEF (FROM IRAN, UK, ETC), WE HAVE AN UNFINANCED GAP OF \$219 MILLION COMPARED TO THE GOP'S \$294 MILLION. WE HAVE NOT INCLUDED THE \$200 MILLION SAUDI ARABIAN ZAKAT LOAN BECAUSE OF UNCERTAINTY IN ITS TIMING AND EVEN ITS RECEIPT. IF PAKISTAN DOES RECEIVE \$100 MILLION IN SEPTEMBER AND ANOTHER \$100 MILLION IN JUNE, THIS WOULD SUBSTANTIALLY EASE THE FINANCING PROBLEM FOR A WHILE. END SUMMARY.

WE HAVE UPDATED OUR PFY1979/80 BALANCE OF PAYMENTS PROJECTION AND COMPARED IT TO THE CURRENT FINANCE MINISTRY PROJECTION. THE UPDATE ANSWERS SEVERAL QUESTIONS WASHINGTON HAS RECENTLY RAISED (REFTEL B). WE ESTIMATE EXPORTS WILL INCREASE AT A FASTER RATE THAN IMPORTS BUT NOT FAST ENOUGH TO REDUCE THE TRADE DEFICIT. OUR EXPORT PROJECTION IS NOW \$2 BILLION, 17 PERCENT OVER THE PFY1978/79 PROVISIONAL ACTUAL FIGURE OF \$1.7 BILLION, AND SLIGHTLY HIGHER THAN THE ESTIMATE OF \$1.95 BILLION. WE EXPECT CONTINUED GOOD PERFORMANCE FOR RICE AND AN EXPORTABLE SURPLUS OF RAW COTTON SOMEWHAT HIGHER THAN IN OUR PREVIOUS ESTIMATE BECAUSE OF EARLY INDICATIONS OF A VERY GOOD COTTON CROP.

OUR IMPORT ESTIMATE IS NOW \$4 BILLION, A 10 PERCENT INCREASE OVER THE PROVISIONAL ACTUAL FIGURE FOR PFY1978/79 OF \$3675 MILLION, THE LARGEST INCREASES OVER OUR EARLIER PFY 1978/79 FORECAST ARE THE RESULT OF THE RISE IN OIL PRICES AND A HIGHER FIGURE FOR PUBLIC SECTOR IMPORTS. OUR PROJECTED CURRENT DEFICIT FOR PFY1979/80 IS \$2 BILLION, SLIGHTLY HIGHER THAN THE PREVIOUS YEAR BUT LOWER THAN THE GOP'S PROJECTED \$2.2 BILLION.

THE DIFFERENCE BETWEEN OUR FIGURES AND THE GOP'S LIES MAINLY IN PUBLIC SECTOR IMPORTS. WE CONTINUE TO BELIEVE THAT THE GOP METHODOLOGY OVERESTIMATES PUBLIC SECTOR IMPORTS, PARTICULARLY THIS YEAR WHEN THE GOVERNMENT IS MAINTAINING THE BUDGET DEFICIT BY TRIMMING DEVELOPMENT EXPENDITURES AND SLOWING DOWN SOME EXISTING PROJECT.

WORKER REMITTANCES IN CASH DURING PFY1978/79 TOTALED \$4 BILLION, ABOUT 20 PERCENT OVER PFY1977/78. THE TENDENCY IS DECELERATING AND WE ESTIMATE A 7 PERCENT INCREASE IN CASH REMITTANCES, PLUS ABOUT \$100 MILLION IN REMITTANCES IN KIND FOR A TOTAL OF \$1.6 BILLION. WE ESTIMATE OTHER INVISIBLES (FREIGHT AND INSURANCE, INTEREST PAYMENTS,

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TO RUEHC/SECSTATE WASHDC PRIORITY 4921
INFO RUMJDK/AMEMBASSY DACCA 3512
RUSBLK/AMEMBASSY KABUL 9697
RUSBKR/AMCONSUL KARACHI 8756
RUMJHT/AMEMBASSY KATHMANDU 1847
RUSBQD/AMCONSUL LAHORE 6639
RUDTC/AMEMBASSY LONDON 4256
RUMJMA/AMEMBASSY MANILA 1390
RUSBAE/AMEMBASSY NEW DELHI 1407
ZEN/AMCONSUL PESHAWAR
RUFNPS/AMEMBASSY PARIS 3255
RUQMHR/AMEMBASSY TEHRAN 5441
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 3 ISLAMABAD 10656

MANILA FOR ADB; PARIS ALSO FOR OECD

TRAVEL, GOVERNMENT N.I.E., ETC.), TO BE IN DEFICIT BY \$580 MILLION AND ARRIVE AT A TOTAL NET INVISIBLES SURPLUS OF JUST OVER \$1 BILLION. IN THIS RESPECT WE AGREE WITH THE GOP. DEDUCTING THIS SURPLUS FROM THE TRADE DEFICIT LEAVES A CURRENT ACCOUNT DEFICIT OF \$980 MILLION COMPARED TO A \$1.2 BILLION DEFICIT FORECAST BY THE GOP.

5. WE ESTIMATE LONG-TERM CAPITAL INFLOWS (AID AND PRIVATE CAPITAL INFLOWS) OF ABOUT \$1 BILLION, ONLY A LITTLE LOWER THAN THE GOP'S \$1.05 BILLION. THE DIFFERENCE IS PARTLY THE COUNTERPART OF THE GOP'S OVERESTIMATION OF AID-FINANCED IMPORTS. AMORTIZATION OF LONG-TERM DEBT, INCLUDING IMF OIL FACILITY REPAYMENTS, IS \$475 IN BOTH OUR AND THE GOP'S ESTIMATES. THE LONG-TERM CAPITAL ACCOUNT IS THUS IN SURPLUS BY \$542 MILLION IN OUR PROJECTION AND \$577(1

"0 IN THE GOP'S. ADDING THE CURRENT AND CAPITAL ACCOUNT TOTALS WE ARRIVE AT A BASIC BALANCE DEFICIT OF \$438 MILLION WHILE THE GOP'S BASIC-BALANCE FORECAST SHOWS A DEFICIT OF \$285 MILLION OF SHORT-TERM DEBT INCURRED LAST YEAR. THE GOVERNMENT HOPES TO RAISE ABOUT \$460 MILLION OF SHORT-TERM MONEY THROUGH A COMBINATION OF SUPPLIERS AND CCC CREDITS, PLUS BANK LOANS ARRANGED BY PAKISTANI AND FOREIGN BANKS. WE DOUBT THAT ALL THIS FINANCING WILL MATERIALIZE AND ESTIMATE A ROUND NUMBER OF \$400 MILLION, WHICH MAY BE TOO HIGH IN VIEW OF INCREASING INTERNATIONAL BANKING COMMUNITY NERVOUSNESS ABOUT PAKISTAN.

7. THE GOP IS STILL CARRYING, AS AN INFLOW FROM THE IMF, THE \$90 MILLION TRUST FUND LOAN ALONG WITH \$34 MILLION WORTH OF SDR'S. WE ARE DOUBTFUL THAT THE PAKISTANIS WILL MEET THE FUND'S CONDITIONS FOR "REASONABLE EFFORTS" TO STABILIZE THEIR ECONOMY AND HAVE NOT INCLUDED THE TRUST FUND LOAN IN OUR CALCULATIONS. ADDING UP THE BASIC BALANCE, IMF TRANSACTIONS, SHORT-TERM OPERATIONS AND ALREADY ARRANGED DEBT RELIEF (FROM IRAN, UK, SWITZERLAND, ETC.), WE ARRIVE AT AN UNFINANCED GAP OF \$219 MILLION COMPARED TO THE GOP'S \$294 MILLION.

8. WE HAVE NOT INCLUDED THE \$200 MILLION SAUDI ARABIAN ZAKAT LOAN IN OUR CALCULATIONS BECAUSE OF UNCERTAINTY ON THE PART OF GOP OFFICIALS THAT IT WILL COME IN. IF IT DOES, THE FIRST \$100 MILLION, EXPECTED IN SEPTEMBER, WILL REDUCE THE FINANCING GAP IN OUR PROJECTION TO \$119 MILLION AND THE SECOND TRANCHE, EXPECTED IN JUNE, WOULD FURTHER LOWER THE GAP TO \$19 MILLION. HOWEVER, PAKISTAN MAY WELL HAVE RUN OUT OF FOREIGN EXCHANGE BEFORE THE SECOND TRANCHE, EVEN IF THE ZAKAT LOAN DOES MATERIALIZE.

9. OUR FORMAT IN THIS UPDATE CONFORMS MORE CLOSELY TO THAT USED BY THE IMF AND THE GOP. BETTER DATA HAVE PERMITTED US TO DISAGGREGATE LONG-TERM DEBT INTO PRINCIPAL AND INTEREST AND TO PUT ALL SHORT-TERM DEBT SERVICE AND FINANCING ITEMS BELOW THE BASIC BALANCE LINE.

10. OUR UPDATED BALANCE OF PAYMENTS FORECAST, ALONG WITH OUR MARCH FORECAST FOR COMPARISON, IS PRESENTED BELOW IN THREE TABLES: A - BALANCE OF PAYMENTS; B - TRADE ACCOUNT; C - SHORT-TERM FINANCING. WE ALSO INCLUDE THE MOST CURRENT MINISTRY OF FINANCE FORECAST IN A SEPARATE COLUMN. A LINE-BY-LINE PRESENTATION OF SOME ASSUMPTIONS AND EXPLANATIONS WHERE WE THINK THEY WOULD BE HELPFUL FOLLOWS THE TABLES. BECAUSE OF THE REVISION IN FORMAT, NOT ALL OF FIGURES IN THE "MARCH EMBASSY" COLUMN WILL BE DIRECTLY COMPARABLE TO THOSE IN REF A.

TABLE A

PFY1979/80 BALANCE OF PAYMENTS PROJECTIONS
(ALL FIGURES IN \$U.S. MILLION)

	EMB MARCH	EMB SEPT	GOP
TRADE BALANCE (TABLE B)	-1840	-2000	-2250
F PLUS I	-365	-400	-400
PRIV T'FERS	1400	1600	1600
OTHER	120	120	120
INTEREST (INCL IMF CHGS)	-300	-300	-300
INVISIBLES	855	1020	1020
CURRENT ACCT BAL	-985	-980	-1230
PRIV INFLOWS	52	52	52
GOV'T INFLOWS	985	965	1000
(PROF)	(685)	(685)	(700)
(NON PROJ)	(300)	(280)	(200)
L.T. DEBT (PRIN)	-400	-400	-400
IMF OIL FAC	-59	-75	-75
LONG TERM CAP ACCT	587	542	577
BASIC BALANCE	-407	-438	-600
FINANCED BY:			
IMF TRUST FUND	50		90
SDR ALLOCATION		34	34
DEBT RESCHED	63	63	63
NET SHT TERM (TABLE C)	0	122	172
UNFINANCED GAP	-294	-219	-294
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P 191015Z SEP 79
FM AMEMBASSY ISLAMABAD
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RUSBAE/AMEMBASSY NEW DELHI 1408
ZEN/AMCONSUL PESHAWAR
RUFNPS/AMEMBASSY PARIS 3256
RUQMHR/AMEMBASSY TEHRAN 5442
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MANILA FOR ADB; PARIS ALSO FOR OECD

12.

TABLE B

PFY 1979/80 BALANCE OF PAYMENTS PROJECTION - TRADE ACCOUNT

(ALL FIGURES IN \$U.S. MILLION)

	EMB MARCH	EMB SEPT	GOP
WHEAT	160	130	132
EDIBLE OIL	220	230	247
FERTILIZER	170	215	219
POL	700	855	854
PRIV SECTOR	1400	1400	1278
PUB SECTOR	1000	1170	1470
TOTAL IMPORTS	3650	4000	4200
RAW COTTON	110	155	110
YARN	250	240	230
CLOTH	220	220	220
RICE	280	400	400
OTHER	950	985	990
TOTAL EXPORTS	1810	2000	1950
TRADE BALANCE	-1840	-2000	-2250

13.

TABLE C

1979/80 BALANCE OF PAYMENTS PROJECTION - NET SHORT TERM

FINANCING

(ALL FIGURES IN \$U.S. MILLION)

	GOP	EMB	
NET SHORT TERM	172	122	
OUTSTANDING DEBT (PAYMENTS)	286	286	
	CITIBANK WHEAT LOAN		55
CCC	136	136	
FERT. CREDITS	80	80	
ISLAMIC DEV. BANK	15	15	
EXPECTED FINANCING	485	408	
CITIBANK	100	75	
BCCI	100	75	
FERT. CREDITS	100	100	
CCC	53	53	
ISLAMIC DEV. BANK	40	40	
PAKISTANI BANKS	65	65	

14. IMPORT ASSUMPTIONS AND COMMENTS

WHEAT - BECAUSE OF THE RECORD WHEAT CROP THE GOP WILL IMPORT .75 MILLION MT OF WHEAT AT \$174 PER TON COMPARED TO OUR EARLIER ASSUMPTION OF 1 MILLION MT AT \$160 PER TON. EDIBLE OIL: WE NOW ACCEPT THE GOP FIGURES IN THE EDIBLE OIL AIDE MEMOIRE AND THE PRICE REMAINS AT AN AVERAGE OF \$600 PER TON. FERTILIZER: GOP IMPORTS OF FERTILIZER WILL COME CLOSE TO THE USAID ESTIMATES AND PRICES WILL RISE A LITTLE OVER CURRENT RATES, I.E., 5000,000 TONS OF DAP AT \$230 PER TON; 200,000 TONS OF NITROPHOSPHATE AT \$215 PER TON; AND 190,000 TONS OF UREA AT \$170 PER TON. THESE ARE HIGHER AND MORE DETAILED PRICE ESTIMATES THAN THOSE USED IN MARCH (1 MILLION TONS AT \$170 PER TON). POL: WE HAVE ACCEPTED GOP ESTIMATES. PRIVATE SECTOR IMPORTS: GENERAL BELT TIGHTENING, ARISING FROM SCARCITY OF FOREIGN EXCHANGE, WILL OFFSET AN ESTIMATED \$100 MILLION OF PREVIOUSLY UNRECORDED REMITTANCES IN KIND FOR THE SAME TOTAL WE HAD IN MARCH. PUBLIC SECTOR IMPORTS: ALTHOUGH WE HAVE RAISED OUR EARLIER ESTIMATE FROM WHAT WE NOW THINK WAS TOO LOW, LAGGING AND REDUCED DEVELOPMENT PROJECTS WILL KEEP THESE IMPORTS WELL BELOW THE GOP ESTIMATES.

15. EXPORT ASSUMPTIONS AND COMMENTS::

RAW COTTON: THE EARLY REPORTS OF A GOOD COTTON CROP SUGGEST AN EXPORT SURPLUS OF 800,000 BALES, RATHER THAN OUR EARLIER ESTIMATE OF 600,000 BALES, AT A PRICE OF AROUND \$.55 PER POUND. WE MAY REVISE THIS FIGURE UPWARD IF LATER CROP ESTIMATES SHOW A SURPLUS SUBSTANTIALLY HIGHER THAN OUR 800,000 FIGURE.

COTTON YARN: WE FIND THAT WE OVERESTIMATED LAST YEAR'S EARNINGS AND HAVE SCALED DOWN OUR FIGURES ACCORDINGLY.

RICE: RICE PRICES WILL CONTINUE THE STRENGTHENING BEGUN IN THE LAST QUARTER OF PFY1978/79 WHICH BROUGHT RICE EXPORTS TO \$340 MILLION FOR THE YEAR.

OTHERS: INFLATION WILL SOMEWHAT INCREASE EARNINGS OVER OUR LAST ESTIMATE.

16. INVISIBLES ASSUMPTIONS AND COMMENTS::

FREIGHT AND INSURANCE : REMAIN ABOUT THE SAME AS IN OUR LAST ESTIMATE, I.E., 10 PERCENT OF TOTAL (FOB) IMPORTS.

PRIVATE TRANSFERS: REMITTANCE INCREASES WILL CONTINUE TO DECELERATE AND PREVIOUSLY UNRECORDED REMITTANCES IN KIND WILL BE ABOUT \$100 MILLION.

INTEREST: GOP NUMBERS HAVE NOT CHANGED FROM OUR MARCH ESTIMATE.

OTHER INVISIBLES: WE HAVE EXTRAPOLATED FROM A FIVE-YEAR TREND LINE. WE FOUND THAT THROUGH MISAGGREGATION WE HAD BEEN CARRYING OTHER INVISIBLES AT ZERO WHEN IN FACT IT IS A POSITIVE AND GROWING BALANCE AND NOW APPROXIMATES \$100 MILLION

17. CAPITAL ACCOUNT ASSUMPTIONS AND COMMENTS::

GOVERNMENT INFLOWS: RECENT GOP DATA ON NON-PROJECT AID IS MORE ACCURATE THAN IT WAS IN MARCH, BUT PROJECT AID UTILIZATION WILL BE LOWER THAN THE GOP EXPECTS.

IMF OIL FACILITY: THE MARCH FIGURE WAS NOT CONVERTED FROM SDR'S INTO DOLLARS.

SDR'S: THE GOP WILL RECEIVE ITS ESTIMATED NEW ALLOCATION. DEBT RELIEF: WE HAVE INCLUDED ONLY ALREADY ARRANGED DEBT RELIEF.

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INFO RUMJPG/AMEMBASSY BEIJING 647
RUDKRB/AMEMBASSY BELGRADE 124
RUEHEG/AMEMBASSY CAIRO 449
RUMJGM/AMEMBASSY COLOMBO 1859
RUEHUB/USINT HAVANA 022
RUSBLK/AMEMBASSY KAPUL 9702
RUSBAE/AMEMBASSY NEW DELHI 1417
RUQMHR/AMEMBASSY TEHRAN 5444
RUEHDT/USUN NEW YORK 1841
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C O N F I D E N T I A L ISLAMABAD 10704

F.O. 12065/ GDS 9/20/85 (HUMMEL, A.W) OR-M
TAGS: FORG PK
SUBJECT: (LOU) NAM SUM I-TWO PAKISTANI VIEWS

REF: STATE 244178

1. (C-ENTIRE TEXT)

2. PAK PRESIDENT ZIA, DURING ESSENTIALLY COURTESY CALL BY COMIDEASTFOR ADM CHEWNING, ACCOMPANIED BY A B, HELD FORTH ON NAM SUMMIT. ZIA SAID HE HAD BEEN MIGHTLY IMPRESSED BY EXPERTNESS OF CUBAN LOGISTIC ARRANGEMENTS, ESPECIALLY ACCOMMODATIONS, AND MOVEMENT OF PEOPLE AND VEHICLES. HOWEVER, HE WAS DISMAYED AT THE REFLEXIVE RHETORIC USED BY EVERYONE, PARTICULARLY THE CONSTANT REFERENCES TO IMPERIALISM, COLONIALISM, SOCIALISM, ETC. ZIA THOUGHT THAT NON-ALIGNMENT WAS NOT A PROPER DESCRIPTION OF THE MOVEMENT, WHICH HAD DRIFTED VERY FAR FROM ITS ORIGINAL OBJECTIVES. ZIA SAID THAT PROBABLY EVERY ONE OF THE COUNTRIES THERE REPRESENTED HAD IN THE PAST IN ONE WAY OR ANOTHER BENEFITTED FROM U.S. ASSISTANCE, BUT FOLLOWING THE FASHION OF THE DAY NONE OF THEM HAD SEEN FIT TO MENTION THE U.S. IN ANY FAORABLE WAY. HE CONCLUDED IN A MILDLY CHIDING TONE THAT THE US. IS THE TORCHBEARER OF THE FREE WORLD, AND THEREFORE THE U.S. SHOULD EXAMINE ITS PRESENT POLICIES AND ACTIONS TO SEE HOW IT CAN PLAY A MORE VIGOROUS ROLE IN THE WORLD, IN SUPPORT OF ITS FRIENDS.

3. MR. IQBAL BUTT, DIR-GEN, MIN INFO, WHO HAD ACCOMPANIED THE ZIA ENTOURAGE TO CUBA, MADE MUCH THE SAME

POINTS IN A PRIVATE DISCUSSION WITH THE AMB. BUTT THOUGHT THAT THE CONFERENCE HAD COST THE SOVS IN NEIGHBORHOOD OF \$100 MILLION AND THAT IT HAD BEEN A GOOD INVESTMENT; THE NAM HAD BEEN SUCCESSFULLY TILTED TOWARD THEIR SIDE. HOWEVER BUTT WAS INCLINED TO TAKE SOME CREDIT FOR THE ROLE THAT PAKISTAN, AND OTHER MODERATES, HAD PLAYED IN COUNTERING COMMUNIST-BLOC EXTREMISM, BUT HE DID NOT DISPUTE THE AMB'S VIEW THAT THE CUBANS/SOVS HAD ACHIEVED ABOUT WHAT THEY EXPECTED TO ACHIEVE, BECAUSE THEY HAD STARTED WITH EXTREME POSITIONS THAT THEY DID NOT REALLY EXPECT WOULD PREVAIL. WHAT HAD BEEN ACCOMPLISHED, THE AMB THOUGHT, WAS TO FORCE OVERALL NAM POSITIONS BACK FROM THE PRO-SOVIET BRINK, BUT NOT SO FAR THAT THE CUBANS WERE DISAPPOINTED, AND NOT SO FAR THAT POSITIONS BECAME TRULY NON-ALIGNED.

4. COMMENT: BOTH ZIA AND BUTT ARE OF COURSE TELLING US WHAT THEY THINK WE WANT TO HEAR. AT THE SAME TIME BOTH ARE GENUINELY FRIENDLY TO US, AND WE THINK ZIA IN PARTICULAR WAS DISMAYED BY HIS FIRST EXPOSURE TO THE STYLE AND SUBSTANCE OF THE ORGANIZATION ON WHICH THEY HAD PINNED SO MANY HOPES, AND SO MUCH EFFORT TO GAIN ADMISSION. FOREIGN ADVISER AGHA SHAHI HAS LONG BEEN A STRONG ADVOCATE OF MOVEMENT AWAY FROM RELIANCE ON THE U.S. AND TOWARD MULTILATERAL ORGANIZATIONS. WE CAN HOPE THAT PRES. ZIA AND HIS TOP STAFF, BY THEIR DIRECT EXPERIENCE OF THE HARD FACTS OF NAM DISAGREEMENTS AND DISARRAY, WILL SHOW MORE REALISM THAN WE THINK AGHA SHAHI HAS SHOWN IN GOP POLICY-MAKING CIRCLES. HUMMEL

BT
#0704



CONSULATE GENERAL OF THE
UNITED STATES OF AMERICA

Karachi, Pakistan

MEMORANDUM OF CONVERSATION

DATE: September 29, 1979

SUBJECT: The Invertebrate; Baluchis Relax After Taraki Fall, Change in Iran; A Marri Deal with the MLA?; Begum Bhutto in Burka; Contesting for Local Bodies Winners' Loyalties; Zia's Preferences; Bureaucrats - Zia's Achilles Heel

PARTICIPANTS: Faiseh Iqbal, Editor, Baluchistan Times
John S. Brims, POL/ECON Officer, Karachi

PLACE: Iqbal's Office, Quetta

COPIES TO: ISLAMABAD(2), LAHORE, PESHAWAR, KABUL, TEHRAN
STATE - NEA/PAB, INR/RNA/SOA, INR/OIL/B

The Invertebrate

Faiseh Iqbal makes a point of knowing everyone. And he conveys, in a friendly but conspiratorial manner, the complete identity of his views with those of his current confidant, no matter who that may be, against the combined views of all those others that he knows. When one sees him together with people of differing opinions, he bends to them with a speed and flexibility that suggests a lack of spine. He is, in short, egregious, in both senses; gregarious, and conspicuous, bad or flagrant. But likable. And a good source of information, although some of it is far-fetched.

Baluchis Relax After Taraki Fall, Change in Iran

Faiseh said that the atmosphere in Quetta had relaxed since the fall of Afghanistan's Nur Mohammed Taraki, because the coup had undermined the base of the Khalqi revolution. As evidence, Faiseh cited a lieutenant colonel in the Afghan Army as his source for a report that the Taraki overthrow had split that Army.

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2.

Faiseh confirmed what others had told me about the change of attitude on the part of leftist Baluchis since the events of Sept. 14 in Kabul. Pakistan National Party President Ghaus Dux Bizenjo, for example, is said to be no longer a blatant apologist for the Democratic Republic of Afghanistan. It is as though Bizenjo's wave of the future had been seen suddenly to have spent itself out at sea. Faiseh said the Baluchis were happy to see Afghanistan weak. For their part, Pathan supporters of the DRA were reportedly furious with Amin, who had committed the unpardonable sin of disrespect for a great leader.

Events in Iranian Baluchistan had also gone well. Baluchis in Iran were said to have struck a deal with Ayattollah Khomeini, through the Baluchi Democratic Front, acknowledging a degree of autonomy in the Baluch province of Iran. Faiseh said there had not been a single incident in Iranian Baluchistan in six months. All Savak agents had been withdrawn. Baluchis had been given key jobs. All this has made the Baluch border of Iran and Pakistan quiet and further calmed Pakistan's Baluch leadership.

The failure of the Soviets to inspire unrest in Iranian Baluchistan, in fact the crackdown there on Soviet-oriented Baluchis, has led to these fellow travelers crossing into Pakistan. One who has come across is the poet Juma Khan, the man behind the Azad Baluchistan movement.

Meanwhile, the refugee exodus from Afghanistan continues. Since Sept. 15 over 25,000 have come into Baluchistan alone, in jeeps, in wagons pulled by tractors, on foot. Many are fleeing out of fear of Amin, others because of the approach of winter.

A Marri Deal with the MLA?

Faiseh said that President Zia-ul-Haq had lost credibility as a result of his frequent amendment of the electoral rules and his open cynicism about politics.

Faiseh had met Zia alone on Sept. 26 for after-dinner coffee. Zia had asked Faiseh for a reassessment of Baluchistan, with particular emphasis on the attitudes of Bizenjo and Khair Dux Marri. Faiseh told me he thought Zia has won over Marri. He claimed that Zia's close friend, Baluchistan Governor Mahim Uddin, plays squash with Marri and once shared with him, before independence, opposition toward partition. Faiseh

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pointed out that Marri had left for London a week ago after he received permission from the Martial Law Administration to leave Pakistan, and that his henchman Sher Mohammed Marri ("General Sheroff," the so-called Che Guevara of Baluchistan) himself was awaiting permission to leave the country. Their absence would coincide with the elections. The implication was that the two Marri's had made a deal with the MLA. Faiseh said that, at any rate, the Marri tribe was noticeably quiet right now. Further support for this theory, according to Faiseh, was the apparent falling-out between Khair Bux Marri, on the one hand, and Bizenjo and fellow PNP-member Attaullah Mengal, on the other. Faiseh thought Marri had never had much truck for Bizenjo, however, because he considered Bizenjo a commoner.

Begum Bhutto in Burka

Did I know, asked Faiseh, that Begum Bhutto had come incognito to Quetta during the late August meeting there of the Pakistan People's Party Central Executive? She arrived by plane, disguising herself by wearing burka. The same evening she met Khair Bux Marri in an unsuccessful attempt to try to persuade him to stir up trouble in Baluchistan. (Former Governor Akbar Khan Bugti, on whom I tried out this item as unsourced gossip, asserted that it was ridiculous. He said it was PPP General Secretary Farooq Laghari who had called on Marri. Bugti also shot down the story that Marri had gone to London a week before saying he had had dinner with him October 1 on the eve of Marri's departure.)

Contesting for Local Bodies Winners' Loyalties

Turning to the local bodies elections, Faiseh said that they had been rigged, but not by the Army. He implied that the bureaucrats and persons running the polls had connived with political parties and individual candidates to warp the results.

Faiseh thought that the PPP had won only 10 to 15 percent of the seats in Baluchistan, compared to 60 to 70 percent in Sind and 45 percent in Punjab. Despite the PPP's success in most places, the party would not be able to rely on the persons who had won seats with its support. All of those backed by the PPP were youngsters. They may have obtained power through the Bhuttos but they will hold onto it through Zia.

Zia hopes, by giving them powers, to wean them away. Zia's scheme would work best, however, if there were no general elections, because provincial and national assemblies would detract from the local bodies' powers.

Zia's Preferences

Based on their conversation, Faiseh said that Zia favors the Tehrik-e-Istiqal, the Pakistan Muslim League and the Jamaat-e-Islami. Zia specifically told Faiseh of the high regard he has for Asghar Khan. In addition, Zia spoke favorably of Mir Pagaro and Qayum Khan.

Zia struck Faiseh as thoroughly confident. The President boasted that he had many options. One of them, if the parties appeared too weak to govern, would be not to hold elections.

Bureaucrats - Zia's Achilles Heel?

Faiseh thought that the bureaucracy might desert Zia. He had noted earlier the help given by bureaucrats to the PPP in the local bodies elections. He explained that Zia is taking risks with the bureaucrats' allegiance, arousing their ire by appointing many military to positions in the civil service. Faiseh said, for example, that 32 Army brigadiers are serving as commissioners in Pakistan. Six of the 11 in Baluchistan are brigadiers.

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RUMJJK/AMEMBASSY DACCA 3528
RUMJNA/AMEMBASSY JIDDA 893
RUMJWK/AMEMBASSY KABUL 9748
RUMJBR/AMCONSUL KARACHI 2871
RUMJED/AMCONSUL LAHORE 6706
RUMJRE/AMEMBASSY NEW DELHI 1493
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RUCMHR/AMEMBASSY TEHRAN 5457

BT
C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 1 OF 2 ISLAMABAD 11449

E.O. 12865: NA
TAGS: PINT, PCOV, SHUP, PK
SUBJECT: (U) ELECTIONS '79: PNA-MLA DEAL ON ELECTIONS;
PNA TO PARTICIPATE, DATE TO SLIP

REF: (A) ISLAMABAD 11321, (B) ISLAMABAD 11193, (C) ISLAMABAD 874
(D) ISLAMABAD 11371, (E) ISLAMABAD 11376, (F) ISLAMABAD 11024
(G) ISLAMABAD 11336, (H) ISLAMABAD 13009, (I) ISLAMABAD A-73

2 SUMMARY: MUFTI MAHMUD, CHIEF OF THE PAKISTAN NATIONAL ALLIANCE (PNA), TOLD ENBOFFS OCTOBER 7 THAT HE HAS "STRUCK A DEAL" WITH PRESIDENT ZIA UL-HAQ WHICH WILL PERMIT THE PNA TO PARTICIPATE IN GENERAL ELECTIONS. GOVERNMENT FREE USE/LEASE ON OCTOBER 7, PROMULGATING NEW SCHEDULE FOR PRE-ELECTION ARRANGEMENTS, CONFIRMS DETAILS OF THE "DEAL". MUFTI SAID THE AGREEMENT ALLOWS THE PNA TO BY-PASS THE "UNDEMOCRATIC" REGISTRATION PROCEDURE IMPOSED EARLY

BY ZIA. PARTIES WHICH HAVE MET THE FINANCIAL DISCLOSURE REQUIREMENTS NEED ONLY ANSWER A SIMPLE QUESTIONNAIRE IN ORDER TO BE PERMITTED ON THE BALLOT. MUFTI

EXPLAINED THAT THE NEW DATE PREVIOUSLY ANNOUNCED FOR ELECTIONS, AND WHILE THEY COULD BE HELD IN LATE DECEMBER, HE PREFERS A MARCH 1980 DATE. THE "DEAL" PROVIDES NO RELIEF TO THE EFFECTIVELY-DISENFRANCHISED PAKISTAN PEOPLES PARTY (PPP), NATIONAL DEMOCRATIC PARTY (NDP), AND PAKISTAN NATIONAL PARTY (PNP). END SUMMARY.

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ENBOFFS MET OCT. 7 WITH PNA CHIEF ISLAMABAD MUFTI MAHMUD, A FEW HOURS AFTER THE MEDIA BEGAN CARRYING CRITICIZING REPORTS THAT A DEAL HAD BEEN STRUCK BETWEEN THE PNA AND THE PARTIAL LAW ADMINISTRATION (MLA) -- A BODY WHICH WOULD ALLOW THE UNREGISTERED PNA TO PARTICIPATE IN THE PROMISED NOVEMBER ELECTIONS.

ACCORDING TO MUFTI, THE PNA HAS AGREED TO RESPOND TO A QUESTIONNAIRE FORMULATED BY THE ELECTION COMMISSION. THE QUESTIONNAIRE PROCEDURE -- AS A SUBSTITUTE FOR "REGISTRATION" -- WAS THE BASIS OF MUFTI'S BARGAIN WITH PRES. ZIA, WHO WAS SEARCHING FOR METHODS OF BROADENING PARTICIPATION IN THE ELECTIONS WHILE CONTINUING TO DENY THE PAKISTAN PEOPLES PARTY (PPP) A PLACE ON THE BALLOTS. QUESTIONNAIRES WILL BE SENT TO ALL PARTIES WHO HAVE REQUESTED AND RECEIVED GOP APPROVAL OF THEIR FINANCIAL STATEMENTS (REF. H)

MUFTI DEFINED THE SUBTLE DIFFERENCE BETWEEN THE NEWLY AGREED PROCEDURE AND PREVIOUS REGISTRATION AS BEING THE DIFFERENCE BETWEEN PETITIONING THE GOVERNMENT FOR A "LICENSE TO PARTICIPATE" AND MERELY SUBMITTING BASIC DATA ON THE PARTY. THE "LICENSE" PROCEDURE, HE SAID, WAS UNDEMOCRATIC IN THAT IT COULD BE WITHDRAWN AT ANY TIME. THE QUESTIONNAIRE, ON THE OTHER HAND, ASSUMES THE RIGHT OF PARTICIPATION BY ANY PARTY WHO MET MINIMAL REQUIREMENTS. MUFTI SAID ZIA HAD ASKED HIM QUESTIONNAIRES FROM ALL PARTIES WHICH MET FINANCIAL STATEMENT REQUIREMENTS WOULD BE APPROVED. HE WAS UNABLE TO SAY, HOWEVER, WHETHER THIS WOULD AFFECT ALL PARTIES EXCEPT THE PNA. ONLY 16 OF THE 56 PARTIES WHO HAD SOUGHT REGISTRATION WERE, IN FACT, APPROVED.

MUFTI MAHMUD ALSO SAID HE RECEIVED A PROMISE FROM PRES. ZIA THAT THE CAMPAIGN PERIOD WOULD BE LENGTHENED TO 60 DAYS (FROM THE PREVIOUSLY PROMISED 30). THIS, MUFTI POINTED OUT, WOULD MAKE IT IMPOSSIBLE TO STICK TO THE NOVEMBER 17 ELECTION DATE. MUFTI SAID THAT PRES. ZIA COULD THEORETICALLY STILL MEET THE NOV. 17 DATE, BUT THE QUESTIONNAIRE PROCESS ALLOWS PARTIES A FEW ADDITIONAL DAYS TO GET THEIR PAPER WORK SUBMITTED, AND DELAY IS LIKELY. ENBOFFS NOTED NEWSPAPER SUGGESTIONS OF LATE DECEMBER AS A POSSIBLE TIME FOR ELECTIONS, AND MUFTI AGREED THE PROCESS AND THE SIXTY-DAY CAMPAIGN COULD BE COMPLETED BY THE END OF THE MOURNING PERIOD FOR MUHAMMAD (THIRD WEEK DEC.); HE IMMEDIATELY ADDED THAT FOR MANY PARTS OF PAKISTAN DECEMBER ELECTIONS ARE "GOOD" DUE TO COLD WEATHER. HE THEN SAID WITH CONSIDERABLE FELLING THAT MARCH, 1980, LOOKED TO HIM LIKE THE BEST TIME-FRAME FOR THE ELECTIONS. AN AUTHORITY ON SCHEDULING, MUFTI SAID, WOULD BE FORTHCOMING FROM PRES. ZIA ON OCT. 8 OR 9.

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 RUGMRA/AMEMBASSY JIDDA 894
 RUSBLK/AMEMBASSY KABUL 9749
 RUSBKR/AMCONSUL KARACHI 8872
 RUSBQD/AMCONSUL LAHORE 6707
 RUSRAE/AMEMBASSY NEW DELHI 1494
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C O N F I D E N T I A L

LIMITED OFFICIAL USE SECTION 2 OF 2 ISLAMABAD 11449

6. EMBOFFS ASKED WHETHER MUFTI'S PROPOSAL THAT INDEPENDENT CANDIDATES BE REQUIRED TO GARNER A MAJORITY OF VOTES CAST TO BE ELECTED WAS STILL IN THE ELECTION RULES. HE CONFIRMED THAT ZIA WILL STICK BY HIS PREVIOUS AGREEMENT TO THAT PROVISION. HE ADDED THAT IT WILL ALSO REMAIN ILLEGAL FOR PPP MEMBERS (OR ANY OTHER NON-REGISTERED PARTY) TO RUN AS INDEPENDENTS IF THEY BELONGED TO THE PARTY TWO MONTHS PRIOR TO THE PASSAGE OF THE AMENDMENT (REF. 1). HE DID CONCEDE, HOWEVER, THAT IF NON-REGISTERED PARTY MEMBERS WISHED TO JOIN OTHER PARTIES (EVEN AFTER THE AMENDMENT), AND TO RUN ON THAT PARTY'S TICKET, THEY WOULD BE PERMITTED TO PARTICIPATE. SPECIFICALLY, HE CONCEDED THAT IF, FOR INSTANCE, PPP CANDIDATES WISHED TO JOIN THE PROGRESSIVE PEOPLES PARTY (KAUSER NIAZI), THEY COULD DO SO AND CONTEND FOR SEATS.

7. EMBOFFS ASKED WHETHER MUFTI'S "DEAL" WITH ZIA WOULD PROVIDE ANY RELIEF FOR THE "DISENFRANCHISED" PPP, NATIONAL DEMOCRATIC PARTY (NDP), AND PAKISTAN NATIONAL PARTY (PNP). HE SAID, "LET THEM PETITION ZIA ON THEIR OWN-- I HAVE NO REASON TO FIGHT THEIR BATTLES FOR THEM". HE ALSO CONFIRMED THAT THE JAMAAT-I-ISLAMI (JI) IS PERMANENTLY EXCLUDED FROM THE PNA AND THAT NO PATCH-UP OF THAT QUARREL IS FORESEEN.

8. MORNING NEWSPAPERS OCTOBER 7, QUOTING MLA PRESS RELEASE, CARRY MUCH OF THE SUBSTANCE OF THE MUFTI-ZIA ACCORD AS GIVEN TO US PREVIOUS DAY. TEXT OF QUESTIONNAIRE IS PUBLISHED AND CONSISTS OF SIMPLE QUESTIONS ON NAME, DATE OF FORMATION, AND LISTING OF OFFICERS OF PARTY, ETC. MLA PRESS RELEASE OF 7TH ALSO SAYS POLLS WILL BE PROBABLY DELAYED BUT WILL BE HELD "WITHIN 1979".

9. COMMENT: IT APPEARS ZIA HAS ACHIEVED HIS GOAL OF INCLUDING PNA IN THE ELECTION PROCESS. THE OBVIOUS COST FOR DOING SO IS A DELAY IN HIS LONG-PROMISED ELECTION DATE-- A DELAY WE EXPECT TO BE MET WITH SOME GRUMBLING BUT NO VIOLENT OPPOSITION. NDP AND PPP LEADERS HAVE CRITICIZED THE DEAL, WHICH THEY CONTEND CORRECTLY BENEFITS OF THE PNA. THE REVISED SCHEDULE PRESENTS THE "OUT" PARTIES ADDITIONAL TIME TO PLAN STRATEGIES FOR EITHER PARTICIPATING (E.G., AS INDEPENDENTS) OR FOR DISRUPTING THE PROCESS. ZIA AND THE MLA HAVE LOST SOME ADDITIONAL CREDIBILITY IN THE PROCESS, BUT APPEAR AS OF NOW TO HAVE DETERMINED-- IF AT ALL POSSIBLE-- TO AVOID A LENGTHY GETTING THE ELECTIONS UNDERWAY. END COMMENT.
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C O N F I D E N T I A L ISLAMABAD 11467

PLS ALSO PASS NEW FOR ANB HUMMEL; PACOM ALSO FOR POLAD

12065: RDS-1 10/10/85 (HAGERTY, M.G.) CR-P
 PEPR MPOL MNUC JCON PK
 SUBJECT: (U) PAKISTANI-US CONSULTATIONS IN WASHINGTON

(C) ENTIRE TEXT. THIS IS AN ACTION MESSAGE.

MFA DIRECTOR GENERAL (AMERICAS) BASHIR KHAN LABAR, HAS TOLD THAT THE PAKISTAN DELEGATION TO THE 15-18 OCTOBER TALKS IN WASHINGTON WILL BE HEADED BY FOREIGN ADVISOR AGHA SHAHI AND WILL INCLUDE LGEN MOHAMMAD JILANI, SECRETARY-GENERAL OF THE MINISTRY OF DEFENSE, MR. S. SHAHNAWAZ, FOREIGN SECRETARY, MR. TARIK ALI, SECRETARY IN THE MINISTRY OF DEFENSE (DEFENSE PRODUCTION), AND 2-3 OTHERS FROM THE MFA, BASHIR, WHO IS AWAITING APPOINTMENT AS AMBASSADOR TO CANADA, WILL NOT ATTEND, BUT NAJMUDDIN ALI, WHO IS NOW DIRGEN FOR SOUTH ASIA AND WHO IS SLATED AS KAYAT KENDI'S REPLACEMENT AS MINISTER IN WASHINGTON, WILL BE PART OF THE DELEGATION.

BASHIR ASKED POLCOUNS 9 OCTOBER IF DEPARTMENT PLANS PRESS RELEASE REGARDING TALKS; HE ALSO ASKED IF PLANS FOR TALKS ARE PUBLIC KNOWLEDGE IN US. HE INDICATED THAT MFA HAD PREPARED CONTINGENCY PRESS RELEASE BUT THAT IT HAS NOT RECEIVED FINAL APPROVAL AND DECISION HAD NOT TO BE MADE WHETHER OR NOT ISSUE ONE IN ANY EVENT. HE NOTED EARLIER REFERENCES TO DESIRE TO KEEP TALKS "LOW-KEY." POLCOUNS RECALLED THAT AGHA SHAHI HAD ALREADY PUBLICLY HE WOULD BE MEETING WITH VANCE BUT THAT BEST OF OUR KNOWLEDGE, THERE HAD BEEN NEITHER PRESS RELEASE NOR PRESS QUESTION ON THIS TOPIC. POLCOUNS ASKED BASHIR FOR TEXT OF MFA RELEASE ONCE IT IS APPROVED.

4. COMMENT: WE HAD KNOWN, OF COURSE, FOR SOME TIME, PAKISTAN'S INTENTION TO HAVE JILANI ON THE DELEGATION. JILANI IS TO MOD AS AQHA SHAHI IS TO THE MFA, I.E., DE FACTO MINISTER. SHAHNAWAZ'S INVOLVEMENT HAS BEEN AGAIN, ON-AGAIN, AS HIS OWN FUTURE IS CONFUSED BY REPORT OF AN IMMINENT AMBASSADORIAL ASSIGNMENT; ALL SIGNS POINT TO PARIS, AS A REPLACEMENT FOR AMBASSADOR AKHUND, BUT FRENCH AMBASSADOR ASSURED AMBASSADOR HUMMEL LAST WEEK THERE WAS NOW NO LIKELIHOOD OF THAT.

5. TARIQ MUSTAFA'S ADDITION IS NEWS. MUSTAFA IS WELL KNOWN IN THE PENTAGON AND ELSEWHERE AS SENIOR OFFICIAL WHO IS MOST KNOWLEDGEABLE ABOUT PAKISTAN'S WEAPONRY REQUIREMENTS. WE ASSUME HIS PRESENCE MEANS AT MINIMUM THAT THE DELEGATION, AT SOME POINT AND AT SOME APPROPRIATE LEVEL, WILL ACQUAINT THE US SIDE WITH DETAILS OF LONG-AWAITED CONSOLIDATED LIST OF MATERIAL NEEDS. END COMMENT.

6. ACTION REQUESTED: DOES DEPARTMENT PLAN A PRESS RELEASE ABOUT THE US-PAK CONSULTATIONS? IF SO, WILL THERE BE ANY EFFORT TO COORDINATE TEXT WITH PAKS?

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RUEBPS/AMEMBASSY PARIS 0579
RUEBHR/AMEMBASSY TEHRAN 4917
RUEBQA/ CINCPAC HONOLULU HAWAII 4511
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C O N F I D E N T I A L STATE 264576

E.O. 12065: RDS-1 10/9/85 (COON, JANE A.) NEA

TAGS: PEPR, MPOL, MNUC, OCON, PK

SUBJECT: (U) PAKISTANI-US CONSULTATIONS IN WASHINGTON

REF: ISLAMABAD 11467

1. (C - ENTIRE TEXT)

2. WE DO NOT PLAN TO ISSUE A PRESS RELEASE ABOUT US-PAK CONSULTATIONS. TALKS ARE PUBLIC KNOWLEDGE AND WE WILL PROMPTLY PREPARE CONTINGENCY PRESS GUIDANCE FOR USE NEXT WEEK. WE WILL COORDINATE ANY PRESS GUIDANCE WITH PAK EMBASSY IN WASHINGTON AND SEND IT TO YOU AND INFO POSTS BY IMMEDIATE TELEGRAM. VANCE

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 RUMJGM/AMEMBASSY COLOMBO 1881
 RUMJDK/AMEMBASSY Dacca 3535
 RUQMRA/AMEMBASSY JIDDA 900
 RUSBLK/AMEMBASSY KABUL 9761
 RUMJHT/AMEMBASSY KATHMANDU 1864
 RUSBKR/AMCOUNSL KARACHI 8900
 ZEN/AMCOUNSUL LAHORE 6720
 RUJTC/AMEMBASSY LONDON 4281
 RUEHMO/AMEMBASSY MOSCOW 1528
 RUSBAE/AMEMBASSY NEW DELHI 1518
 ZEN/AMCONSUL PESHAWAR
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C O N F I D E N T I A L ISLAMABAD 11679

PACOM FOR POLAD

E.O. 12065: GDS 10/14/85(HAGERTY, H.G.) OR-P
 TAGS: PINT, PGOV, SHUM, PK
 SUBJ: (C) ELECTIONS- '79: MLA-PNA DEAL BREAKS DOWN

REF: ISLAMABAD 11542

1. (U) SUMMARY: THE "DEAL" BETWEEN PAKISTAN NATIONAL ALLIANCE CHIEF MUFTI MAHMUD AND PRESIDENT ZIA UL-HAQ-- WHICH, A WEEK AGO, APPEARED TO HAVE BROUGHT THE PNA INTO THE ELECTORAL PROCESS AND THE PROCESS ITSELF BACK ON THE TRACK-- CAME UN-STUCK OVER THE WEEKEND, THE 13 OCTOBER DATE FOR FILING ADDITIONAL NOMINATIONS PASSED WITH FEW IF ANY ADDITIONAL NOMINATIONS FROM PNA COMPONENTS BEING FILED AND WITHOUT A MOVE BY THE MARTIAL LAW ADMINISTRATION (MLA) TO REAFFIRM 17 NOVEMBER AS THE ELECTION DATE OR TO SET A NEW DATE.

2. (C) THE RESULT IS A NEW STAND-OFF BETWEEN AN THE ZIA GOVERNMENT AND THE OBSTREPEROUS BUT POLITICALLY WEAK PNA, A FURTHER LOSS OF CREDIBILITY BY THE GOVERNMENT AND BY THE POLITICAL PARTIES, AND THE LIKELIHOOD THAT ELECTIONS WILL BE POSTPONED BEYOND THE END OF THIS YEAR. BOTH THE MLA AND THE PNA ARE ASSIDUOUSLY ATTEMPTING TO TAG THE OTHER WITH THE BLAME FOR THIS SERIES OF EVENTS, ZIA IS HUDDLED AGAIN WITH HIS GENERALS IN PREPARATION FOR A SPEECH WHICH IS NOW BRUTIED FOR MID-WEEK, AND HIS CLUMSY HANDLING OF EVENTS MAY HAVE WEAKENED HIS OWN POSITION. ARMY CHIEF AND CHIEF MARTIAL LAW ADMINISTRATOR. END SUMMAR

3. (U) THE EXTENDED DEADLINE FOR SUBMITTING NEW NOMINATION PAPERS FOR MEMBERS OF PARTIES NEWLY APPROVED FOR PARTICIPATION IN THE ELECTION PROCESS PASSED ON 13 OCTOBER WITH FEW IF ANY NEW NOMINATIONS HAVING BEEN FILED BY MEMBERS OF THE RUMP-PNA. THE DATE PASSED ALSO WITH NO NEW INDICATION FROM THE MARTIAL LAW ADMINISTRATION (MLA) OF ITS THINKING ON AN ELECTION DATE. PNA CHIEF MUFTI MAHMUD TOLD THE PRESS HE HAD ORDERED HIS ALLIANCE TO WITHOLD SUBMITTING NOMINATION PAPERS BECAUSE OF THE MLA'S REFUSAL TO REAFFIRM THE 17 NOVEMBER DATE OR TO SET A NEW ONE.

4. (C) THUS THE WEE GENERAL ZIA, WHICH HAD APPEARED TO ENSURE PNA PARTICIPATION IN THE ELECTION PROCESS CAME UN-STUCK, A NEW CONFRONTATION BETWEEN THE MLA AND THE POLITICAL PARTIES LOOMED, AND THE EARLY LIKELIHOOD OF GENERAL ELECTIONS FURTHER DIMMED.

5. (C) MEANWHILE, PRESIDENT ZIA WAS REPORTED 14 OCTOBER TO HAVE HUDDLED OVER THE WEEKEND WITH HIS CORPS COMMANDERS/ PROVINCIAL GOVERNORS TO ASSESS THE POLITICAL AND THE LAW AND ORDER SITUATIONS -- FORMULATION FREQUENTLY USED INDICATE THE GOVERNMENT

IS ASSESSING THE LAW AND ORDER IMPLICATIONS OF POSSIBLY UNPOPULAR DECISIONS. NO SUBSTANTIVE REFERENCE WAS MADE TO ELECTIONS IN PRESS ACCOUNTS OF THE MEETINGS, BUT THERE IS HEIGHTENED SPECULATION THAT ZIA WILL TAKE TO THE AIRWAYS AT MID-WEEK -- THE 17TH IS BRUTIED -- TO ANNOUNCE HIS PLANS. AS IF TO HINT AT WHERE HE WILL COME DOWN, THE GOVERNMENT-OWNED PAKISTAN TIMES THIS MORNING UNRLED OUT THE DESIRABILITY OF ELECTIONS IN A LONG AND THOUGHTFUL EDITORIAL HEADED, "WHAT IS THE WAY OUT?"

6. (U) THE EDITORIAL RUMINATED THAT A TRANSFER OF POWER TO CIVILIAN RULE, WITH SO THIN AN EXPRESSION OF POPULAR OPINION AS THE LIMITED NUMBER OF PARTIES NOW IN THE RUNNING MAKES LIKELY, COULD RESTORE THE CHAOS WHICH PROMPTED THE MILITARY TAKEOVER TWO YEARS AGO. THE PARTIES IN POWER WOULD BE UNABLE TO CONTROL

EVENTS, AND THE ARMY WOULD BE UNRELIEVED OF ITS OBLIGATIONS TO KEEP ORDER." IT IS THEREFORE ABOUT TIME THE PAPER SIAD, " TO FACE THE MOMENT OF TRUTH AND CANDIDLY ACKNOWLEDGE THAT THE POLITICAL PROCESS IS NOT YET RIPE ENOUGH TO CRYSTALIZE INTO A POSITIVE SHAPE." THE PAPER WENT ON TO SUGGEST THAT THE ONLY WAY " OUT OF THIS MESS IS TO MAKE A FRESH, AND DIFFERENT, START, INDEED MAKE A DETERMINED ATTEMPT AT DEVISING A POLITICAL SYSTEM SUITABLE TO THE NATIONAL GENIUS." NO DETAILS OF SUCH A SYSTEM ARE NOTED, BEYOND THE SUGGESTION THAT IT SHOULD SOMEHOW BE MORE ATTUNED TO ISLAM.

7.(C) COMMENT: EARLY ELECTIONS -- ELECTIONS THIS YEAR -- APPEAR TO BE THE IMMEDIATE CASUALTY OF THE POLITICAL OCKEYING WHICH HAS TAKEN PLACE DURING THE LAST TWO WEEKS. OTHER CASUALTIES ARE THE CREDIBILITY OF THE PRESIDENT, OF THE PARTY SYSTEM, AND OF THE PUTATIVE ELECTORAL PROCESS ON WHICH THE NATION HAS BEEN HALTINGLY EMBARKED SINCE ZIA ANNOUNCED AN ELECTION DATE LAST MARCH.

8.(C) ZIA NOW SEEMS POISED ON THE BRINK OF A MOMENTOUS DECISION, PERHAPS -- AS HE HAS HINTED EARLIER IN PRIVATE -- TO EXTEND HIS MARTIAL LAW REGIME INDEFINITELY WHILE THE MILITARY LEADERSHIP AGAIN TRIES TO FIGURE OUT A WAY TO RESTORE CREDIBLE AND RESPONSIBLE CIVILIAN GOVERNMENT.

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RUQMHR/AMEMBASSY TEHRAN 5496

C O N F I D E N T I A L ISLAMABAD 11816

NOFORN

E.O. 12065: GDS 10/17/85 (SHERMAN, RICK) OR-P
TAGS: PINT PGOV PINR PK SHUM
SUBJECT: (C) MLA MOVES TO IMPLEMENT TOUGHER MARTIAL LAW SYSTEM

REFS: (A) ISLAMABAD 11787 (B) ISLAMABAD 11813 (C) KARACHI 5893(NOTAL)

1. (C) ENTIRE TEXT. PARAGRAPH 10 ONLY NOFORN
2. SUMMARY: IN THE EIGHTEEN HOURS SINCE PRES ZIA UL-HAQ ANNOUNCED HIS DECISION TO PUT OFF INDEFINITELY THE ELECTIONS PROMISED FOR NOV 17 AND TO TOUGHEN THE APPLICATION OF MARTIAL LAW HIS GOVERNMENT'S ACTIONS HAVE BEEN SWIFT AND DRAMATIC. MANY POLITICAL LEADERS HAVE BEEN PLACED UNDER HOUSE ARREST AND AT LEAST TWO NEWSPAPERS HAVE BEEN CLOSED OWN. PUBLIC REACTION, THUS FAR, IS CLAM.
3. ZIA'S SPEECH--AND THE QUICK IMPLEMENTATION OF THE CHANGES HE ANNOUNCED--APPEARS TO DELIMIT THE INTIAL PHASE OF ZIA'S BRAND OF "INTERIM" MARTIAL LAW.OO

PROMISES TO BE MORE STRINGENT. END YQMARY.

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4. THE MARTIAL LAW ADMINISTRATION (MLA OF PRESIDENT ZIA UL-HAQ HAS MOVED QUICKLY TO IMPLEMENT THE ACTIONS THE PRESIDENT ANNOUNCED IN HIS SPEECH ON OCTOBER 16. PUBLIC REACTION IS CALM, IF SOMEWHAT SHOCKED BY THE SWEEPING NATURE OF THE MOVES INTENDED BY THE MLA.

5. POLITICIANS DETAINED: IMMEDIATELY FOLLOWING THE ZIA SPEECH, THE TQA APPARENTLY BEGAN TO ROUND UP POLITICAL LEADERS FROM ALL SECTORS OF THE POLITICAL SPECTRUM, PUTTING THEM UNDER HOUSE ARREST, AT THEIR HOMES FOR PERIODS OF THREE MONTHS. ASGHAR KHAN, HEAD OF THE TEHRIC-I-ISTIQAL (TI) WAS ARRESTED IN LAHORE AROUND MIDNIGHT AND TRANSFERRED TO HIS HOME IN ABBOTTABAD. BEGUM NUSRAT BHUTTO AND HER DAUGHTER BENAZIR, AS WELL AS OTHER PAKISTAN PEOPLES PARTY (PPP) LEADERS, WERE PLACED UNDER HOUSE ARREST IN KARACHI AND LAHORE. OTHERS RECEIVING SIMILAR TREATMENT: MIAN TUFAIL, AMIR OF JAMAAT ISLAMI (JI); NAWABZADA NASRULLAH KHAN, VICE PRESIDENT OF THE PAKISTAN NATIONAL ALIANCE PNA; MAULANA MUFTI MAHMUD, PRESIDENT OF THE PNA; AND HANIF RAMAY OF THE MUSAWI PARTY. THE FATE OF OTHER LEADING POLITICIANS INCLUDING PAKISTAN MUSLIM LEAGUE LEADER PIR OF PAGARA, PAKISTAN NATIONAL PARTY CHIEF, MIR GHAS BIZENJO, AND NATIONAL DEMOCRATIC PARTY LEADERS IS NOT CLEAR AT THIS TIME.

6. PUBLICATIONS CLOSED: REFLECTING THE THREAT OF CENSORSHIP, INDEPENDENT PAPERS LIKE ISLAMABAD'S "MUSLIM" PUT OUT FAIRLY "TAME" EDITIONS OCTOBER 17. IN ANOTHER QUICK MOVE, THE MLA CLOSED TWO PPP NEWSPAPERS, "MUSAWAT" AND "SADAQAT" IN LAHORE AND KARACHI. OTHER AVOEEDLY ANTI-MLA PAPERS PUBLISHED OCTOBER 17 BUT FURTHER CLOSURES ARE EXPECTED.

7. POLITICAL PARTY OFFICES CLOSED: THE MLA REPORTELY ALSO MOVED DURING THE NIGHT OF OCT 16/17 TO CLOSE OFFICES OF POLITICAL PARTIES THROUGHOUT THE COUNTRY AND TO IMPOUND PARTY ASSETS.

8. PRE-SPEECH VIBRATIONS: IN THE HOURS PRECEEDING THE ZIA SPEECH, EMBOFFS HAD DISCUSSIONS WITH GENERAL (AND FEDERAL MINISTER) FAIZ ALI CHISHTI AND PML CHIEF PIR OF PAGARA. GENERAL CHISHTI TOLD DEPARTING A/ARMA AT RECEPTION THAT ZIA WOULD "SUSPEND" THE CONSTITUTION (APPARENTLY FERRING TO CREATION OF MARTIAL LAW COURTS WITH PRIMACY IN JUDICIAL MATTERS); OTHER POINTS NOTED REFTEL (A) AND IN ZIA SPEECH. CHISHTI SAID HE HAD "HELPED" DRAFT ZIA'S SPEECH THAT MLA HAD BEEN "TOO LENIENT", AND THAT HE FELT THESE MEASURES WERE "LONG OVERDUE". CHISHTI ALSO REMARKED THAT HE WOULD BE SEEN ZIA OCT 17 IN CONNECTION WITH CHANGES IN MLA.

9. IN A MEETING EARLY IN THE DAY (OCT 16) PIR PAGARA TOLD EMBOFF THAT LIKE EVERYONE ELSE, HE EXPECTED ZIA WOULD CANCEL ELECTIONS. HE ALSO SAID HE BELIEVES ZIA WILL ATTEMPT EVENTUALLY TO FORM A "NATIONAL GOVERNMENT" (NG) WHICH WILL RULE THE COUNTRY UNTIL THE TIME IS RIPE FOR ELECTIONS (LATE 1981 OR 1982). CONSTITUENTS OF SUCH A NATIONAL GOVERNMENT, PAGARA THOUGH, WOULD INCLUDE PRIMARILY ELEMENTS OF THE CENTER OF THE POLITICAL SPECTRUM--INCLUDING HIMSELF--GROUPED AS ONE PARTY. PAGARA PREDICTED ZIA WOULD NOT ANNOUNCE THE NG PLANS ON OCT 16, AS "HE DOES NOT HAVE THE COURAGE," PAGARA SAID TO ANNOUNCE ALL HIS PLANS AT ONCE.

10. COMMENT: ANALYSIS OF THE IMPLICATIONS OF ZIA UL-HAQ'S DRAMATIC MOVES WILL FOLLOW SEPTTEL. AT THIS POINT THE INTENT OF THE CHANGES IS TO STRENGTHEN MARTIAL LAW AND CREATE SOME IMPOSED ORDER OUT OF THE CONFUSION AND UNCERTAINTY OF RECENT WEEKS AND MONTHS. PIR PAGARA'S PROPHECY OF ZIA'S INTENDED NATIONAL GOVERNMENT PLANS IS REFLECTED IN RECENT SRF (AND OTHER) REPORTING, WHICH ALSO SUGGESTS THAT THIS WILL INCLUDE AT LEAST A SYMBOLIC WITHDRAWAL OF THE MILITARY FROM POSITIONS OF POWER AND/OR A WITHDRAWAL FROM THE MILITARY OF THOSE--INCLUDING POSSIBLY ZIA HIMSELF--WHO WILL ADMINISTER THE NEW REGIME.

11. CLEARLY, PHASE ONE OF THE POST-BHUTTO MARTIAL LAW ADMINISTRATION--AN AVOEEDLY INTERIM REGIM, DESPITE ITS 28 MONTHS AT BAT--IS NOW OVER. PHASE TWO IS DAWNING AS PAKISTAN'S 75 MILLION PEOPLE PROCEED NORMALLY ABOUT THEIR BUSINESS ON THE MORNING OF OCTOBER 17. NO DISTURBANCES HAVE BEEN REPORTED, BUT THERE IS LITTLE DOUBT THAT ANY WHO CONTEMPLATE SUCH EXTRA-LEGAL ACTIONS WILL FIND THEMSELVES AT ODDS WITH A DETERMINED AND HARSHER MARTIAL LAW ADMINISTRATION. RITUAL BOWS TO EVENTUAL ELECTIONS NOTWITHSTANDING, PHASE TWO WILL BE MORE AUTHORITARIAN, AND THOSE IN CONTROL CLEARLY ENJOY LONG ENOUGH INNINGS TO EFFECT (OR ATTEMPT) POSSIBLY FUNDAMENTAL CHANGES IN THE POLITICAL, SOCIAL, AND ECONOMIC TOPOGRAPHY OF THIS POOR AND UNCERTAIN NATION.

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E.O.12065: XDS-4 10/17/99(POST,R.St.F)OR-M

COM FRB INT

FROM : Amconsul KARACHI

DATE: October 17, 1979

TAR TR RMB

SUBJECT : (C) Law and Order in Baluchistan - Some Relaxation
of Tension Over Afghanistan

ARMY NAVY OSD

REF : Karachi 3627 (NOTAL)

NSA CIA

TAGS : PINT, SREF, PK, AF

1. (C - Entire text.)

Summary

2. Concern in Baluchistan generally has lessened over the conflict across the border, following the overthrow of Nur Mohammed Taraki. So-called progressives are said to have backed off from open support of Kabul. Nevertheless, not everyone is sanguine that Soviet troubles in Afghanistan will tie the USSR's hands.

3. Other conclusions from a recent visit to Baluchistan are: (1) the local bodies elections left the province divided between a resurgent Pakistan People's Party and still-powerful sardars, although the sardars as an institution may have taken a beating; (2) President Zia-ul-Haq appears to have prepared the people of Baluchistan psychologically for the postponement or cancellation of elections, but they disagree whether no elections would lead to confrontation with the MLA, and (3) despite the apparent lessening of tension over Afghanistan, attitude toward the U.S. remain waspish.

4. We are reporting separately on visits to camps housing Afghan refugees and guerrillas.

End summary.

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by: ECON:JSBRIMS:mjs
Drafting Date: 10/15/79
Phone No.: 305
Contents and Classification Approved by: CG:Richard F. POST

Climate of Relaxation

Three months ago the threat from Soviet-dominated Afghanistan caused tension in Baluchistan (reftel). We now find the concern has eased, reflecting the setbacks the Soviets and their Khalqi allies suffered in the intervening period. This was one of the conclusions we reached after talks with a cross-section of people in Quetta, Pishin and Chaman September 10, October 3.

Whereas the pre-coup situation in Afghanistan had exacerbated divisions between Baluchistan's two dominant population groups, the Baluchis and Pathans, and between the left and right, the issue now seems less divisive.

Pathans told us of their outrage over the killing of Taraki. They accepted that he had lost his life. One Pathan explained that, while his people often and with impunity dispatched members of their own families to the grave, they rarely courted the opprobrium attached to killing a respected leader. The Baluchis, on their part, appeared simply to have calculated new odds as a result of the Taraki overthrow and decided that Kabul's fate of the future rested out at sea. The leader of the National Democratic Party in Baluchistan even predicted the break-up of Afghanistan.

We also heard from several sources that the so-called progressives, including Pakistan National Party President Ghaus Bizenjo, had backed off from open support of Kabul. (Over-seeing that a close associate of Bizenjo made recently to us the Embassy lend credence to these reports.)

Continued Caution

Not all those with whom we talked, however, were sanguine about Soviet troubles in Afghanistan would tie the USSR's hands. Home Secretary, Colonel Abdul Rauf Khan, said that, if there was any relaxation of tension about Afghanistan, it was only because of the passage of time. People have become used to the fact that the Soviets are across the border and believe they have to live with it. He and others thought the Soviets would be active in Baluchistan regardless of their success or failure elsewhere, and he personally regarded Hafeezullah Amin as a greater danger than Taraki. The Home Secretary said that, in Baluchistan is quiet, "invisible money" is flowing to main elements in the province. Nevertheless, he thought the problem was manageable. Daud Jan, the Khan of Kalat, gave

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us a specific report of arms running. He said that a group of left-wing members of the Marri tribe and foreigners believed to be East Europeans had passed through Sarawan, Jahalawan and Kalat districts this summer, distributing Kalashnikovs and other weapons, plastic explosives, money and provisions. The travelers were said to have forecast war in the near future between Afghanistan and Pakistan, urging those to whom they gave arms to store them until hostilities and then use them against Pakistani supply lines.

PPP Makes a Dent in Baluchistan

11. Another conclusion from our talks in Baluchistan is that the local bodies elections held there September 27 left the province divided between a resurgent Pakistan People's Party and still-powerful sardars, although some observers claimed that the sardars as an institution actually took a beating.

12. It was generally conceded that the PPP did what it failed to do during Bhutto's life, make a respectable showing in Baluchistan. Even opponents of the PPP said that its members won about 15 percent of the seats. (The PPP itself claimed a doubtful 50 to 60 percent.) The party's most talked-about successes occurred in strongholds of the PNP's top leaders with the PPP taking the majority of the seats in Mekran (Bizenjo's home district) and Lasbella (Attaullah Mengal's).

13. The strength of the sardars was manifest in the lands belonging to the Marri and Bugti tribes, where the people simply refused to allow the polls to take place. In tribal areas where voting did occur, a group of important sardars (Doda Khan Sarakzai, Nabi Bux Zehri, Sheikh Umer, Taj Mohammed Jamali and Nawabzada Sher Ali Khan), who are supporting the Martial Law Administration, took active part, and their nominees won a good number of seats.

14. The real winners of the local bodies elections, however, may be the relative unknowns who defeated established figures or their candidates in virtually every corner of the province. Many of these new faces belong to the PPP. President Zia-ul-Haq can be expected to try to undermine their loyalty by awarding them powers and influence. To avoid this possibility, the PPP is said to have chosen candidates who had suffered at the hands of the MLA.

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15. Several persons remarked that the victory of so many unknown persons was a blow to the sardars as an institution, because in numerous instances tribes voted against their own leaders. The Khan of Kalat said that a new generation of nationalists is emerging, fed up with the failure of the old leadership and prepared to look to outside sources for help. He noted that, in the report of the group traveling through Baluchistan distributing arms, it was significant that the persons with whom the group was in touch were not well-known leftists like "General" Sheroff Marri but low-level tribesmen. He thought the by-passing of the leaders was more dangerous because it would be more difficult for the government to monitor the activities of widely-scattered tribesmen than a few prominent persons.

The Question of Elections ...

16. Zia had visited Quetta just two days before our arrival. He is known to have met publicly and privately with over 50 prominent citizens of the province, mostly as members of the group to whom he made his well-publicized remarks casting doubt on the schedule for the elections (Islamabad 11036). Dubbed "the notables" by local residents, the members of this group were for the most part carefully selected supporters of the MLA. Of 20 allowed to question Zia, 19 called on him to cancel the elections and remain in office.

17. During a confidential conversation with Faiseh Iqbal, the editor of the Baluchistan Times, Zia was said by Iqbal to have asked for a reassessment of Baluchistan, with particular emphasis on the attitudes of Bizenjo and Khair Bux Marri. Iqbal concluded that Zia had made a deal with the Marris, citing in support of this hypothesis the fact that the MLA recently gave permission to both Khair Bux Marri and General Sheroff to leave the country. Hashim Ghilzei, President of the NDP in Baluchistan, alleged that Zia has also bought off the radical Baluchistan Students Organization. He said that the Federal Intelligence Agency has hired eight members of the BSO and that the provincial government set up an organization one month ago to find jobs for Baluchi students.

18. Whether or not Zia has made any such deals, he appears to have prepared people of Baluchistan psychologically for an announcement postponing or even canceling the elections. Most people with whom we spoke were convinced elections would not take place. They disagreed, however, whether this would lead to confrontation between the province and the MLA.

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... and Confrontation

19. Leaders of the pugnacious Hazara tribe, which makes up a significant part of the population of Quetta, believed that the non-participation of the PPP, NDP and PNP would effectively disenfranchise Baluchistan's voters. So that, if the elections were held with only the present line-up of parties, the people of Baluchistan would rebel. Former Governor Nawab Akbar Bugti said that the people are fed up with martial law and would react violently were an effort made to prolong it. Ghulam Sarwar Khan, a former member of the PPP who was recently elected unopposed to the District Council in Pishin, thought the parties would come out on the streets if elections were not held.

20. Those who thought no confrontation would occur argued that the tribesmen who bore the brunt of the insurgency against Bhutto from 1973 to 1977 had suffered enough and were too tired to return to their mountain hideouts. Bugti himself suggested a reason confrontation might not prove successful. He said that the Pakistan National Alliance, which had spearheaded the successful opposition to Bhutto in the spring of 1977, would not take to the streets because the overthrow of the MNA would benefit only the PNA's opponent, Bhutto's PPP. Mohammed Saleh Mandokhel, a long-time associate of Wali Khan and Deputy Secretary General of the NDP, said that his party would not join other parties in confronting the MLA because the NDP does not oppose Zia, who unlike Bhutto had done nothing against the NDP's leaders. Finally, most of our contacts doubted the ability of the PPP to organize an effective protest.

21. We are inclined to agree with those who discount the likelihood of a serious threat to the MLA arising from Baluchistan because we find their reasons more persuasive than the simple assertions of others that there would be confrontation. We do not mean that no violence would occur, only that the MLA should be able to contain it.

Attitudes toward the U.S.

22. Despite the apparent lessening of tension over Afghanistan, attitudes toward the U.S. remain waspish. As a people, Americans continue to enjoy the friendship and sympathy of the majority of people to whom we spoke. But recent actions by President Carter to project a stronger U.S. presence in the Indian Ocean and the Near East have failed to alter the belief that the U.S. has lost ground in the competition with the USSR. For example,

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the Home Secretary, a tough ex-Colonel charged with responsibility for the security of Baluchistan, criticized the U.S. for not anticipating changes in Afghanistan and for not doing something to head them off. He and others remained bitter about U.S. opposition to Pakistan's development of nuclear technology, which they confusedly called peaceful while asking why we did not want Pakistan to have the bomb. Umer Khan Afridi, the provincial Secretary for Planning and Development, was troubled by the instability of the sub-continent and the general sense that the U.S. was indecisive while the USSR was on the offensive. Bugti lectured us on our failure to support allies.

Nevertheless, we found that many of the criticisms were based on misinformation and, when presented with the facts, the critics were prepared to accept the possibility they were wrong. There was, for instance, general satisfaction with the U.S. role in the mid-East peace talks, and even a concession that the Palestinian Liberation Organization ought to recognize Israel. And while some thought that the U.S. should help the mujahideen against the regime in Kabul, others agreed that it was wiser not to interfere. About the only specific suggestion we received for U.S. help was from the winner of the District Council seat in Pishin. He urged us to direct our economic assistance to the development of the tribal areas, in order to weaken the appeal the Afghanistan government has with its call for a greater Pakhtunistan. A modest suggestion, from a self-interested source.

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C. ON THESE FALLS, I GUESS WHICH ARE WINDING UP TODAY, THAT RIGHT --

A. YES, I THINK THIS AFTERNOON, JIM.

C. YESTERDAY WE WERE TOLD THAT THEY FOCUS ON PARISITY SECURITY CONSIDERATIONS. DOES THAT INCLUDE A REQUEST FOR MILITARY ASSISTANCE FROM THE UNITED STATES?

A. LET ME SAY THAT INsofar AS WHAT HAS COME OUT OF THAI THINGS, I'M NOT GOING TO HAVE ANYTHING SAY. INCLUDING A LOT OF HEADOUT ON WHAT THE DISCUSSIONS ARE. I MAY

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CONFIDENTIAL

LIMITED OFFICIAL USE SECTION 02 OF 05 STATE 271799/82
CINCINNATI FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.
HAVE SOMETHING FOR YOU LATER, AT THE CONCLUSION OF
TODAY.

Q. WELL, WILL THE PAKISTANI DECISION ON MARTIAL LAW AFFECT
ANY AMERICAN DECISION ON PAKISTAN SECURITY CONSIDERATIONS?

A. I DON'T WANT TO SPECULATE ON SOMETHING WHICH I CAN'T EV-
EN CONFIRM HAS ARISEN I.E., A SPECIFIC SET OF REQUESTS.
IT'S A PERFECTLY GOOD QUESTION. HOW ABOUT ASKING ME THAT
AFTER WE DO A READOUT ON THE MEETINGS, AND THEN WE'LL
SEE WHAT WE CAN DIVULGE FROM THERE. I DON'T HAVE ANYTHING
TO OFFER ON THAT NOTION RIGHT NOW.

Q. DOES YOUR STATEMENT INTEND TO IMPLY DISMISSAL OF
THE REASONING CITED BY THE PAKISTANI GOVERNMENT FOR
CONTINUING MARTIAL LAW AND PUTTING OFF ELECTIONS?

A. NO. I'M NOT GOING TO TRY TO DEAL WITH THE RATIONALE
FOR THE POSTPONEMENT. THE POSITION I HAVE ANNOUNCED HAS
TO SPEAK FOR ITSELF.

Q. HAVE YOU EVIDENCE THAT THE WORK ON THE NUCLEAR
PAKISTANI PLANT HAVE BEEN STOPPED RECENTLY, AS WAS SAID
IN THE PRESS LAST WEEK?

A. I HAVE NO INFORMATION ON THAT. I DON'T.

Q. HAS CHINA EVER INTERCEDED ON BEHALF OF PAKISTAN TO
REQUEST THAT WE RECONSIDER GRANTING MILITARY AID?

A. I WOULDN'T DEAL WITH ANY OF OUR DIPLOMATIC CONVERSA-
TIONS.

Q. YOU PUT A FRAMEWORK AROUND THE QUESTION THAT YOU
ANSWERED, THAT YOU ARE NOT GOING TO COMMENT ON THE
RATIONALE FOR THE PAKISTANI ACTION. THE AMERICAN REACTION
CERTAINLY HAS TO HAVE PARAMETERS, SO WHAT ARE THOSE IN
CONNECTION WITH WHAT IS HAPPENING IN PAKISTAN AT THE
MOMENT?

A. MY PARAMETER IS WHAT WE'VE STATED, I JUNE, REPEATED-
LY, SINCE THE TIME OF THE MILITARY TAKEOVER IN
PAKISTAN WHEN ALL CAME IN, WHICH IS THAT WE HOPED FOR A
SWIFT RETURN TO DEMOCRATIC RULE. OBVIOUSLY HERE A
DEFINEMENT OF THE DATE AND THE REIMPOSITION OF MARTIAL

Q. WHO WILL THE OTHER PARTICIPANTS BE?

A. THE USUAL PARTICIPANTS AT THAT LEVEL.

Q. WELL, DAYAN, FROM ISRAEL, FOR EXAMPLE?

A. IT WILL DEPEND. THESE ARE THE CONTINUATION OF THE
TALKS ON AUTONOMY, SO THAT THE PARTICIPANT THERE IS
BURG.

Q. MR. BURG?

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17-2527 OCT 79

SECSTATE WASHDC

RUHAM/AMEMBASSY AMMAN IMMEDIATE 1608

RUHME/AMEMBASSY BEIRUT IMMEDIATE 0851

RUHMO/AMEMBASSY CAIRO IMMEDIATE 0924

RUHMDH/AMEMBASSY DAMASCUS IMMEDIATE 7299

RUHJN/AMCONSUL JERUSALEM IMMEDIATE 2636

RUHMA/AMEMBASSY JIDDA IMMEDIATE 1604

RUHMTV/AMEMBASSY TEL AVIV IMMEDIATE 7141

RUHRCR/AMEMBASSY TEHRAN IMMEDIATE 0820

RUHROD/AMEMBASSY ISLAMABAD IMMEDIATE 7027

RUHRAE/AMEMBASSY NEW DELHI IMMEDIATE 1774

RUHJDF/AMEMBASSY DACCRA IMMEDIATE 0850

RUHJPG/AMEMBASSY BEIJING IMMEDIATE 0227

RUHBLK/AMEMBASSY KABUL IMMEDIATE 0178

RUHNMH/AMEMBASSY MANAMA 0618

RUHNET/AMEMBASSY NABAT 4335

RUHMS/AMEMBASSY SANA 6177

RUHMTI/AMEMBASSY TRIPOLI 0209

RUHKKR/AMEMBASSY TUNIS 5700

RUHJZN/USMISSION SINAI 0100

RUHMDH/AMCONSUL DHAHRAN 4150

RUHSGV/USMISSION GENEVA 3575

RUHNMH/AMEMBASSY KRAKTOUM 5213

RUHDT/AMEMBASSY LONDON 9044

RUHMO/AMEMBASSY MOSCOW 7853

RUHNA/USMISSION USNATO 0193

RUHNPB/AMEMBASSY PARIS 1025

RUHRO/AMEMBASSY ROME 3498

RUHSDT/USMISSION USUN NEW YORK 6113

RUHMBI/AMEMBASSY ABU DHABI 5275

RUHAD/USINT BAGHDAD 2314

RUHMOD/AMEMBASSY DOHA 0632

RUHMTW/AMEMBASSY KUWAIT 0600

RUHROL/AMEMBASSY BONN 3238

RUHJCS/ SECDEF WASHDC 5630

RUHJCS/ JCS WASHDC 5063

RUHATIA/ CIA WASHDC 4302

RUHADWW/ NSC WASHDC 3773

RUHRIA/USICA WASHDC

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5 I D E N T I A L

LIMITED OFFICIAL USE SECTION 03 OF 05 STATE 271798/83

SECURITY FOR POLAD, TEL AVIV FOR PAC, DELIVER BY 9 A.M.

1. NO. I REALLY DON'T WANT TO DEAL WITH THAT. THE TALKS ARE STILL GOING ON. THERE ARE MEETINGS STILL SCHEDULED FOR THIS AFTERNOON.

2. HAS THE ATMOSPHERE BEEN CHANGED IN ANY WAY?

3. I HAVEN'T BEEN IN THEM. BUT I CAN'T GIVE YOU ANY DESCRIPTION OF THE ATMOSPHERE. THEY HAVE BEEN THOROUGH TALKS.

4. HAVE THE TALKS BEEN LENGTHENED?

5. NO.

6. I HEARD TODAY THAT THEY WERE TO END THIS MORNING.

7. NO. ALWAYS, FOR AS LONG AS I CAN REMEMBER, THE SCHEDULE HAS INCLUDED WHAT IS ON THERE RIGHT NOW I.E., AN AFTERNOON MEETING WITH THE SECRETARY.

8. I HEARD THAT THE SECRETARY, WARREN CHRISTOPHER, AND KANSON HAD AN UNSCHEDULED MEETING THIS MORNING WITH SAHI.

9. THERE HAVE BEEN CONTINUING TALKS WITH HIM.

10. BUT IT'S NOT ON THE SECRETARY'S SCHEDULE.

11. YES, WELL, A LOT OF THINGS AREN'T. THERE HAVE BEEN CONTINUING TALKS WITH HIM.

12. WE KNOW THAT ALI BHUTTO REPORTED THAT KISSINGER HAD TOLD HIM THAT HE WOULD BE WILLING TO SELL MASSIVE CONVENTIONAL ARMS IF ALI BHUTTO GAVE UP HIS PEACEFUL NUCLEAR PLANS. ALI BHUTTO DIDN'T AGREE TO THAT, WITH SOME OBVIOUS CONSEQUENCES. WE GOT REPORTS A WHILE BACK WHEN THE GENERAL C. SMITH TASK FORCE WAS SET UP, MEMBER, ON HOW TO DEAL WITH THE PAKISTAN NUCLEAR QUESTION, THAT THEY WERE GOING TO PROPOSE MAKING A FAMILIAR KIND OF DEAL AROUND THE NUCLEAR WEAPONS QUESTION.

13. THIS DOESN'T GO DIRECTLY INTO THE TALKS RIGHT NOW. CAN YOU CONFIRM THAT THAT WAS ONE OF THE POSSIBILITIES THAT WAS DISCUSSED BY THE TASK FORCE? DO YOU HAVE ANY

KIND OF COMMENT ON THAT?

A. I WOULDN'T CONFIRM OR DENY THAT REPORT. I AM NOT COMMENTING ON IT ENTIRELY.

C. WHY HAS THERE BEEN A DELAY IN THE RESPONSE ON THE SINAI FORCE -- WHAT'S GOING ON THERE?

A. A DELAY IN RESPONSE?

C. WE HAD THE IMPRESSION THAT EVRON AND VANCE WOULD MEET -- I THOUGHT, ABOUT A WEEK AGO -- AND NOW THERE IS NO MEETING SCHEDULED ACCORDING TO YOUR POSTING.

B.

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U.S. GOVERNMENT PRINTING OFFICE: 1977-323-323

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FM SECSTATE WASHDC

TO RUEHAM/AMEMBASSY AMMAN IMMEDIATE 1584

RUEHRE/AMEMBASSY BEIRUT IMMEDIATE 0852

RUEHRO/AMEMBASSY CAIRO IMMEDIATE 5025

RUEHDM/AMEMBASSY DAMASCUS IMMEDIATE 7300

RUEHJH/AMCONSUL JERUSALEM IMMEDIATE 7037

RUEHUA/AMEMBASSY JERUSALEM IMMEDIATE 1608

RUEHTV/AMEMBASSY TEL AVIV IMMEDIATE 7142

RUEHCH/AMEMBASSY TEHRAN IMMEDIATE 0821

RUEHOD/AMEMBASSY ISLAMABAD IMMEDIATE 7818

RUEHAY/AMEMBASSY NEW DELHI IMMEDIATE 1725

RUEHJK/AMEMBASSY PAKISTAN IMMEDIATE 0503

RUEHJG/AMEMBASSY PEKING IMMEDIATE 0228

RUEHUK/AMEMBASSY RANGOON IMMEDIATE 0170

RUEHAM/AMEMBASSY MANAMA 0811

RUEHPT/AMEMBASSY RASHT 4336

RUEHNS/AMEMBASSY SANA 6178

RUEHTI/AMEMBASSY TRIPOLI 2010

RUEHVR/AMEMBASSY TUNIS 0800

RUEHMN/USMISSION SINAI 0101

RUEHMH/AMCONSUL DHA-BAN 4160

RUEHGV/USMISSION GENOVA 3970

RUEHMM/AMEMBASSY Khartoum 0214

RUEHIC/AMEMBASSY LONDON 0840

RUEHMO/AMEMBASSY MOSCOW 7854

RUEHNA/USMISSION NARATO 8184

RUEHPS/AMEMBASSY PARIS 1886

RUEHRO/AMEMBASSY ROME 0499

RUEHDT/USMISSION USNN NEW YORK 0114

RUEHII/AMEMBASSY ABU DHABI 0276

RUEHAD/USINT BAHDAH 2315

RUEHOD/AMEMBASSY Doha 0633

RUEHFW/AMEMBASSY KUALA 0557

RUEHOL/AMEMBASSY ROME 0439

RUEHJCS/ SECDEF WASH DC 0531

RUEHJCS/ JCS WASHDC 0084

RUEHAITA/ CIA WASHDC 0071

RUEHAWW/ NSC WASHDC 0724

RUEHIA/USICA WASHDC

RUEHAAA/USCINCPAC WASHINGTON DC

RUEH/AMEMBASSY ALGERIA 0504

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5 F I D E N T I A L

LIMITED OFFICIAL USE SECTION 04 OF 05 STATE 271705/04
CINCINNATI FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. I DON'T KNOW OF ANY PROBLEMS THERE.

Q. ANYTHING ON ARMS TO MOROCCO?

A. I HAVE NOTHING.

Q. FOREIGN MINISTER YAZDI SAID THAT THE CONDITIONS LAID BY THE UNITED STATES IN THE ARMS RELATIONSHIP ARE UNACCEPTABLE AND HE HAS THREATENED TO USE THE OIL WEAPON. DO YOU HAVE ANY COMMENT ON THAT?

A. NO. I HAVE SEEN A REPORT THAT AMBASSADOR STRAUSS WILL BE GOING TO LONDON LATER THIS MONTH, FOR A MEETING WITH PRIME MINISTER KHALIL -- IT IS NOT CLEAR WHETHER THE ISRAELIS WILL ALSO BE INVOLVED IN THE MEETING -- WITH THE PURPOSE SUPPOSEDLY TO REVIEW PROGRESS IN THE AUTONOMY TALKS AFTER SIX MONTHS.

DO YOU HAVE ANYTHING ON THAT?

A. I WOULD SAY ON BACKGROUND I HAVE NO REASON TO ARGUE WITH THAT.

Q. IS IT MULTILATERAL? WOULD THE ISRAELIS BE INVOLVED AS WELL?

A. I THINK I WILL HAVE SOMETHING MORE TO SAY ON THAT SHORTLY.

Q. MR. STRAUSS PUT IT ON THE RECORD THIS MORNING.

A. WELL, IF HE PUT IT ON THE RECORD, THEN I WILL KEEP IT ON BACKGROUND BUT WILL SAY THAT THERE WILL BE MEETINGS AT THE END OF NEXT WEEK INVOLVING THE THREE PARTIES. THEY SIMPLY WANT TO REVIEW HOW THE SITUATION IS AT THIS POINT.

IT WILL NOT BE A LARGE PRESS DEAL; THEY ACTUALLY WOULD LIKE TO NOT HAVE A MAJOR PUBLICITY SHOW OUT OF IT -- A VOICE HOPE.

BUT IN ANY CASE, THEY WILL BE MEETING IN LONDON BECAUSE PRIME MINISTER KHALIL WAS GOING TO BE IN THE AREA IN ANY

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AND A CRACKDOWN ON POLITICAL PARTIES IS NOT .
PRECISELY WHAT WE HAD IN MIND.

DOES THAT MEAN THE U.S. GOVERNMENT BELIEVES CONDITIONS IN PAKISTAN ARE CONDUCIVE TO THE RETURN OF DEMOCRATIC RULE?

A. IT MEANS THAT THE UNITED STATES IS DEEPLY DISAPPOINTED ABOUT THE ANNOUNCEMENT. THAT'S WHAT IT MEANS.

Q. CAN YOU SAY WHAT IMPACT THIS EVENT AND YOUR REACTION TO IT HAS HAD ON THE TALKS THAT ARE GOING ON?

END

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 TO RUEFAM/AMEMBASSY AMMAN IMMEDIATE 1810
 RUEHBE/AMEMBASSY BEIRUT IMMEDIATE 0603
 RUEHSG/AMEMBASSY CAIRO IMMEDIATE 5926
 RUEHDM/AMEMBASSY DAMASCUS IMMEDIATE 7321
 RUEHJM/AMCONSUL JERUSALEM IMMEDIATE 2838
 RUEHWA/AMEMBASSY JORDA IMMEDIATE 1505
 RUEHIV/AMEMBASSY TEL AVIV IMMEDIATE 7143
 RUEHCH/AMEMBASSY TEHRAN IMMEDIATE 5032
 RUEHSC/AMEMBASSY ISLAMABAD IMMEDIATE 7029
 RUEHAE/AMEMBASSY NEW DELHI IMMEDIATE 1778
 RUEHJD/AMEMBASSY Dacca IMMEDIATE 2081
 RUEHJG/AMEMBASSY BEIJING IMMEDIATE 0229
 RUEHLE/AMEMBASSY KARUL IMMEDIATE 0103
 RUEHAM/AMEMBASSY MANAMA 5812
 RUEHBT/AMEMBASSY KABAT 4337
 RUEHNS/AMEMBASSY BAH 6170
 RUEHMT/AMEMBASSY TRIPOLI 0211
 RUEHCR/AMEMBASSY TUNIS 5821
 RUEHZN/USMISSION SINGAI 0122
 RUEHDB/AMCONSUL DHAKHA 4181
 RUEHGV/USMISSION GENAVA 3877
 RUEHCK/AMEMBASSY KHARTOUM 5215
 RUEHCO/AMEMBASSY LONDON 0648
 RUEHMO/AMEMBASSY MOSCOW 7055
 RUEHNA/USMISSION USHATO 8183
 RUEHNP/AMEMBASSY PARIS 1807
 RUEHRO/AMEMBASSY ROMY 3503
 RUEHDT/USMISSION USHIN NEW YORK 8115
 RUEHBI/AMEMBASSY ABU DHABI 5277
 RUEHAD/USINT BAGHDAD 2315
 RUEHMO/AMEMBASSY Doha 6674
 RUEHCV/AMEMBASSY KUWAIT 8688
 RUEHOL/AMEMBASSY BORN 3849
 RUEHJCS/ SECDEF WASHDC 5032
 RUEHJCS/ JCS WASHDC 5265
 RUEHIIA/ CIA WASHDC 4382
 RUEHADM/ NSC WASHDC 3775
 RUEHIA/USICA WASHDC
 RUEHNAAL/USCINCPAC HAHINGEN DE
 RUEH/AMEMBASSY ALGIERS POUCH
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 C I D E N T I A L

LIMITED OFFICIAL USE FINAL SECTION OF 05 STATE 221799/05
 CINCPAC FOR POLAD, TEL AVIV FOR PAO, DELIVER BY 9 A.M.

A. DR. BURG, YES. END BACKGROUND.

Q. THERE IS A REPORT OUT OF AMMAN THAT AMBASSADOR TO
 DAMASCUS TALCOTT SELBY HAD A 45-MINUTE TALK WITH A
 LEADING PLO OFFICIAL NAMED MAHMUD 'ABDAS AND I AM JUST
 WONDERING WHETHER YOU CAN CONFIRM THAT MEETING.

A. WHEN WAS THIS SUPPOSED TO HAVE OCCURRED?

Q. DURING THE VISIT TO SYRIA OF JESSE JACKSON.

A. THIS WAS SOME WEEKS AGO?

Q. WELL, I THINK THAT WAS -- WHEN WAS THAT? ABOUT
 TWO WEEKS AGO? YES.

A. HE BECAME AWARE THAT SUCH A PERSON WAS PRESENT. HE
 DID NOT HAVE A 45-MINUTE DISCUSSION WITH HIM. THERE WAS
 A SET UP THAT OCCURRED WHICH WAS DULY PUBLICIZED IN ONE
 OR TWO PUBLICATIONS.

THERE WAS NOT A DISCUSSION, AND IT WAS NOT AN OFFICIAL
 CONTACT. IT WASN'T EVEN MEANT TO BE AN UNOFFICIAL
 CONTACT.

Q. THANK YOU. VANCE

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 DE RUEHQD #1910/1 2911200
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 FM AMEMBASSY ISLAMABAD
 TO RUEHC/SECSTATE WASHDC IMMEDIATE 5345
 INFO RUEHLK/AMEMBASSY KABUL 9778
 RUEHWR/AMCONSUL KARACHI 8934
 ZEN/AMCONSUL LAHORE 6745
 RUOTC/AMEMBASSY LONDON 4290
 RUSSAE/AMEMBASSY NEW DELHI 1537
 ZEN/AMCONSUL PESHAWAR
 RUEHWR/AMEMBASSY TEHRAN 5471
 RUHHLA/CINCPAC HONOLULU HI
 RUHFBAA/COMIDEASTFOR
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C O N F I D E N T I A L SECTION 1 OF 2 ISLAMABAD 11808

CINCPAC FOR POLAD

E.O. 12065: CDS 18/10/85 (MULTIPLE SOURCES) OR-P
 TADS: PINT, PK, PGOV
 SUBJ(U) MARTIAL LAW TIGHTENS UP

REFS(A) ISLAMABAD 11816(B) ISLAMABAD 11813

1. (C) SUMMARY: MARTIAL LAW IS TIGHTENING ITS GRIP ON
 PAKISTAN AS GENERAL ZIA UL-HAQ'S TOUGHENED MARTIAL LAW
 ADMINISTRATION (MLA) ENTERS ITS SECOND FULL DAY. NO
 UNWARRANTED INCIDENTS HAVE BEEN REPORTED, AND THE LAW AND
 ORDER SITUATION APPEARS CALM. MANY MAJOR POLITICAL
 FIGURES ARE EITHER HIDING, UNDER HOUSE ARREST, OR IMPRISONED.
 OFFICES OF ALMOST ALL "DEFUNCT" POLITICAL PARTIES HAVE BEEN
 SEIZED. SPECIAL MILITARY COURTS HAVE BEEN SET UP, AND
 PUBLIC FLOGGING OF OFFENDERS HAS REAPPEARED. PRESIDENT
 ZIA PERSONALLY BRIEFED SEVERAL PROSECUTORS (AS WELL AS
 CHARGE) ON 17TH THE BACKGROUND TO HIS OCTOBER 16
 SPEECH AND THE REASONS FOR HIS DECISIONS. END SUMMARY.

2. (C) THE FIRST FULL DAY OF TOUGHENED MARTIAL LAW
 WITNESSED SEVERAL EXAMPLES OF THE ZIA REGIME'S NEW
 ATTITUDE TOWARD PARTIES, POLITICIANS, AND THE PRESS:

-- PROVINCIAL GOVERNMENTS ANNOUNCED THAT 50 PERSONS
 IN SIND AND 40 IN NORTHWEST FRONTIER PROVINCE (NWFP) HAVE
 BEEN DETAINED UNDER MARTIAL LAW ORDER (MLC-12) FOR
 "ACTIVITIES PREJUDICIAL TO THE MAINTENANCE OF PUBLIC
 ORDER". INCLUDED REPORTEDLY IS PPP LEADER G. K. Jatoi.
 "OFFICIAL FIGURES HAVE NOT BEEN RELEASED FOR PUNJAB AND
 BALUCHISTAN, BUT WE WOULD ESTIMATE THAT PERHAPS ANOTHER TWO
 HUNDRED LEADERS AND WORKERS HAVE BEEN DETAINED IN THOSE
 PROVINCES, AMONG THEM TIKKA KHAN, ADDITIONAL SECRETARY
 OF THE PAKISTAN PEOPLE'S PARTY (PPP) WHO WAS ARRESTED AS
 HE FLIGHTED FROM A PIA JET AT RAWALPINDI AIRPORT.

CLARIFICATIONS HAVE BEEN ISSUED BY THE PUNJAB
 GOVERNMENT OVER REPORTS OF ARRESTS YESTERDAY OF JAMAAT
 PAKISTAN NATIONAL ALLIANCE (JNPA) LEADERS MIAN TUFAIL,
 MI MAHMUD, AND NAWABZADA NASRULLAH KHAN; ALL ARE SAID
 TO BE FREE AND THE PRESS REPORTS OF THEIR DETENTION
 FALSE.

--THE PAKISTAN TIMES HAS PRINTED A CORRECTION INDICATING
 ITS USE OF THE WORD "BAN" IN ITS ARTICLES OF
 ORDER 17 ON THE MLA'S ACTIONS POLITICAL PARTIES
 (AN ERRONEOUS TRANSLATION FROM URDU. PARTIES, HTE
 ER SAID, HAVE BEEN "DISSOLVED." FURTHER EVIDENCE
 THIS WAS THE USE OF THE WORD "DEFUNCT" AS AN
 ADJECTIVE BEFORE THE NAME OF ANY PARTY MENTIONED IN
 PRESS IN OCTOBER 18 EDITIONS OF ALL PAPERS.

NO QUETTA NEWSPAPERS HAVE BEEN BANNED.

--THE MARTIAL LAW ADMINISTRATION HAS MOVED TO
 STRENGTHEN ITS INSTRUMENTS FOR CONTROL OF PUBLIC ORDER:

--DIRECTIVES HAVE BEEN ISSUED FOR THE PUBLIC TO
 POSSESS UNLICENSED FIREARMS WITH THE MARTIAL LAW AUTHORITIES;
 PENALTY FOR NON-COMPLIANCE IS SEVERE, AND SEARCH TEAMS
 HAVE BEEN AUTHORIZED TO FERRET OUT WEAPONS CACHES;

--THE MARTIAL LAW ADMINISTRATORS/GOVERNORS OF THE
 PUNJAB AND BALUCHISTAN HAVE ISSUED TOUGH STATEMENTS
 (ADMITTED IN PAK TIMES) TO THE EFFECT THAT BRIBING,
 FAVORITISM, BRIBERY, AND OTHER CRIMES WILL BE SEVERELY
 PUNISHED;

--MOBILE COURTS HAVE BEEN SET UP IN RAWALPINDI, AND
 THEY ARE QUICKLY TRYING AND SENTENCING OFFENDERS. THERE
 ARE NEWSPAPER ACCOUNTS FROM OTHER AREAS OF PUBLIC FLOGGINGS
 PERFORMED ON THE SPOT AFTER SENTENCING BY SUMMARY MILITARY
 COURTS; AND,

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RUSSIA/AMEMBASSY ISLAMABAD

RUSSIA/STATE WASHDC IMMEDIATE 5346

RUSSIA/AMEMBASSY KABUL 9779

RUSSIA/AMEMBASSY KARACHI 8935

RUSSIA/AMCONSUL LAHORE 6746

RUSSIA/AMEMBASSY LONDON 4291

RUSSIA/AMEMBASSY NEW DELHI 1536

RUSSIA/AMCONSUL PESHAWAR

RUSSIA/AMEMBASSY TERRAN 5472

RUSSIA/CINCPAC HONOLULU HI

RUSSIA/COMIDEASTFOR

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CONFIDENTIAL SECTION 2 OF 2 ISLAMABAD 11988

CINCPAC FOR POLAD

4. (C) CONGEN KARACHI REPORTS THAT THE PUBLIC REACTION TO THE STRINGENT NEW MEASURES ON OCT 17 SEEMED TO BE ONE OF RESIGNATION AND ACQUIESCENCE RATHER THAN REBELLION. BUSINESS LEADERS ACCLAIMED THE PRESIDENT'S NEW ECONOMIC PRIORITIES, AND THE PAK TIMES ON OCTOBER 17 PRINTED FAVORABLE COMMENTS FROM THE HEAD OF THE PAKISTAN CHAMBER OF COMMERCE AND INDUSTRY. BECAUSE CENSORSHIP IS NOW IN EFFECT, HOWEVER, IT IS DIFFICULT TO DETERMINE THE OUTLOOK OF THE MEDIA OPINION LEADERS. THOSE POLITICIANS WHO ARE FREE ARE EITHER NOT TALKING TO THE PRESS, OR THE PRESS IS NOT PRINTING POLITICAL STATEMENTS. CONGEN KARACHI REPORTS THAT ITS CONTACTS HAVE NOT BEEN GREATLY SURPRISED BY THE POSTPONEMENT OF ELECTIONS, BUT ALL ARE SOMEWHAT BEMUSED BY THE STRICT BAN ON ALL POLITICAL ACTIVITY. PESHAWAR REPORTS SOME ANTI-REGIME POSTERS OVERNIGHT AROUND THE UNIVERSITY, AND WE UNDERSTAND STUDENT HOSTELS IN THE CAPITAL AREA ECHOED WITH SOME ANTI-REGIME SHOUTING AND SLOGANS ON THE NIGHT OF THE 17TH.

5. (LOW) CONGEN LAHORE REPORTS IT WAS BUSINESS AS USUAL IN LAHORE ON THE 17TH AND QUIET TODAY AS WELL. IN PRIVATE CONVERSATIONS, THERE WAS "ANGER OVER ZIA'S BALD MANIPULATION OF THE POLITICAL PROCESS AND A SERIOUS CONCERN THAT MARTIAL LAW IN THE LONG-RUN MAY EXACERBATE RATHER THAN CALM POLITICAL TENSIONS. SPECIFICALLY," THE CONSULATE'S REPORT CONTINUES, "PEOPLE ARE WORRIED MORE ABOUT RISING PRICES, BUREAUCRATIC CORRUPTION, AND THE INCREASING INCIDENCE OF VIOLENT CRIME THAN THEY ARE ABOUT ELECTIONS, AND THERE IS A FEAR THAT IF THESE SOCIAL AND ECONOMIC PROBLEMS ARE NOT IMPROVED BY ZIA'S EXPANDED MARTIAL LAW, A POLITICAL EXPLOSION IS SOME DAY INEVITABLE, JUST AS THE 1960S WHEN AYUB KHAN'S MARTIAL LAW WAS FOLLOWED BY TURMOIL AND EVEN CIVIL WAR."

(C) IN ADDITION TO CHARGE KING, THE PRESIDENT PERSONALLY BRIEF AMBASSADORS FROM THE USSR, CHINA, INDIA, THE U.K., CANADA, JAPAN, SAUDI ARABIA, AND FRANCE ON THE BACKGROUND TO HIS DECISIONS. ALL WITH WHOM WE HAVE SPOKEN DESCRIBE ZIA AS UPRIGHT, ONE OF THE AMBASSADORS LATER SHARED WITH POLICEMEN ZIA'S CONFIDENTIAL OPINION THAT THE JAMAAT-I-ISLAMI (JI) HAD URGED HIM, BEFORE HIS SPEECH, TO CANCEL ELECTIONS. THE JI'S PUBLIC OPINIONS AND PREPARATIONS NOTWITHSTANDING.

(U) PRESS REACTION TO THE SPEECH AND THE IMPLEMENTING MEASURES HAS PREDICTABLY BEEN CAUTIOUS. URDU DAILIES WA-I-WAST AND JANG -- BOTH PRIVATE AND BOTH WITH LARGE CIRCULATIONS-- AVOID CRITICISM BY NOTING ZIA'S ACTIONS WERE NOT UNEXPECTED; BOTH PLEAD, HOWEVER, FOR A SHORT PERIOD OF RENEWED MARTIAL LAW AS POSSIBLE. GOVERNMENT-OWNED PAKISTAN TIMES LEADS WITH AN EDITORIAL (TEXT REPEATED SEPARATELY TO DEPARTMENT AND OTHERS) WHICH OPENS AS AN EFFUSIVE APOLOGIA FOR THE GOVERNMENT'S, ESPECIALLY THE PRESIDENT'S ACTIONS, GIVING HIM FULL CREDIT FOR HIS PATIENCE AND HIS EFFORTS TO CARRY OUT PROMISED ELECTIONS BEFORE MAKING WHAT THEY CALL A "UNAVOIDABLE DECISION." HAVING PAID THIS DEBT, THE EDITORIAL THEN NOTES THAT IT IS NOT ENOUGH SIMPLY TO HOLD ELECTIONS, ETC. THAT PRODUCES A PERIOD OF "TEMPORARY" PEACE, WITH WHICH PAKISTAN IS "RICH IN EXPERIENCE, AND THEN A SUBSEQUENT "STORM." PAPER URGES GOVERNMENT AND THE PEOPLE TO GET TO WORK TO "USE THE INTERVAL AS AN OPPORTUNITY TO GORGE A POLITY UNFITABLE TO THE NATIONAL GENIUS," A FORMULATION THE PAPER HAS USED BEFORE.

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FM AMEMBASSY TEHRAN

TO RUEHC/SECSTATE WASHDC IMMEDIATE 4359

INFO RUSPDQ/AMEMBASSY ISLAMABAD 0381

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CONFIDENTIAL TEHRAN 11141

PASS AGRICULTURE OGSM

E.O. 12065: GDS 10/21/79 (SENS, A.D.) OR-E

TAGS: EAGR, EFIN, PK, 1

SUBJECT: PL480 EXPORT WAIVER FOR PAKISTAN

REF: ISLAMABAD 11898

1. (C-ENTIRE TEXT)

2. WE APPRECIATE EMBASSY ISLAMABAD'S POINT THAT IRAN SHOULD BUY WHEAT SEED FROM COMERCIAL SOURCES RATHER THAN PL480 RECIPIENTS. HOWEVER, THERE ARE ASPECTS OF THE SITUATION HERE THAT DESERVE CONSIDERATION BEFORE TURNING DOWN THE PAKISTANI REQUEST FOR AN EXPORT WAIVER.

~~DOWN THE PAKISTANI REQUEST FOR AN EXPORT WAIVER.~~

3. THE PGOI FOR POLITICAL REASONS HAS GIVEN A HIGH PRIORITY TO BEING SEEN TO REDUCE IRAN'S DEPENDENCE ON THE WEST, AND PARTICULARLY ON THE U.S. HOWEVER, THE NEW REGIME FINDS THIS A DIFFICULT TASK, AND TENDS TO SUSPECT US OF CONTRIBUTING TO THE MANY FACTORS FRUSTRATING THEIR EFFORTS.

4. IN THIS CASE THE PGOI WANTS TO BE ABLE TO SAY IT BOUGHT WHEAT SEED FROM PAKISTAN. BY APPROVING THE SALE, WE WOULD EXPRESS "SYMPATHY" FOR THE OBJECTIVES OF THE REVOLUTION -- SOMETHING WE ARE ACCUSED OF TALKING ABOUT BUT NOT ACTING ON. WE WOULD LOSE NOTHING IN REAL TERMS.

5. BY DISAPPROVING THE SALE WE GIVE THOSE WHO ARE LOOKING FOR EVIDENCE THAT WE ARE INSINCERE WHEN WE SAY WE WANT TO WORK WITH THE NEW REGIME GRIST FOR THEIR MILL. THE PGOI WILL KNOW THAT WE BLOCKED THE SALE EVEN THOUGH THE ALTERNATIVE IS NOT A PURCHASE FROM THE U.S. THE POINT THAT PAKISTAN SHOULD NOT BE SELLING WHEAT SEED WHEN IT IS GETTING WHEAT ON NON-COMMERCIAL TERMS WILL BE LOST HERE.

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CONFIDENTIAL

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CHRG: STAT 10

APPRV: ECON: A

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CLEAR: 1. CHA

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R 211000Z OCT 79

FM AMEMBASSY ISLAMABAD

TO RUEHC/SECSTATE WASHDC 0364

INFO RUMJPG/AMEMBASSY BEIJING 062

RUMJPG/AMEMBASSY JIDDA 025

RUMJPG/AMEMBASSY KABUL 0781

RUMJPG/AMCONSUL KARACHI 0941

ZEN/AMCONSUL LAHORE 0749

ZEN/AMCONSUL PESHAWAR

RUMJPG/AMEMBASSY LONDON 4202

RUMJPG/AMEMBASSY NEW DELHI 1542

RUMJPG/AMEMBASSY TEHRAN 0473

RUMJPG/CINCPAC HONOLULU 01

RUMJPG/SECDEF WASHDC

BT

CONFIDENTIAL ISLAMABAD 11823

CINAPAC FOR POLAD

E.O. 12065: EISA 10/2/95 (JAGERTY, E.O.) OR-P

TAGS: PINT, PGOV, SHUM, MPOL, PK

SUBJ: (C) JOURNALIST SAYS ZIA PLANS NATIONAL GOVERNMENT AFTER REFERENDUM ON ISLAMIC GOVERNMENT

REF (A) ISLAMABAD 11843 (B) ISLAMABAD 11815

1. (C) M.A. MANSURI, "DAWN" ISLAMABAD CORRESPONDENT -- AMONG MOST UNOBTAINABLE AND WELL-SOURCED JOURNALISTS IN TOWN -- TOLD EMBOVY SHERMAN OCT 19 THAT PRESIDENT ZIA UL-HAQ INTENDS TO MOVE PAKISTAN TOWARD WHAT IS BEING DESCRIBED AS A "NATIONAL GOVERNMENT" (NG), PROBABLY SOMETIME EARLY IN THE NEW YEAR. MANSURI PREDICTED METHOD TO BE USED WILL BE A PRELIMINARY REFERENDUM IN WHICH THE PAKISTANI VOTER WILL BE PRESENTED WITH A SIMPLE BINARY CHOICE BETWEEN AN "ISLAMIC" FORM OF GOVERNMENT AND A "NON-ISLAMIC" FORM. MANSURI CHARACTERIZED THIS AS "STACKING THE DECK," AS PAKISTANIS COULD NO MORE VOTE AGAINST ISLAM THAN AMERICANS COULD AGAINST APPLE PIE.

2. (C) ONCE THE REFERENDUM IS COMPLETED, MANSURI SAID, THE PRESIDENT CAN CLAIM HE HAS AN OVERWHELMING MANDATE TO FORM A GOVERNMENT. HE WILL THEN CALL TOGETHER POLITICAL AND MILITARY LEADERS FROM WHOM HE WILL PUT TOGETHER A "NATIONAL GOVERNMENT."

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3. (C) MANSUR SAID ZIA HAS THE AGREEMENT OF THE MILITARY LEADERSHIP FOR THIS COURSE OF ACTION AND THAT IT WAS ONE OF THE "SOPS" USED TO ENLIST SUPPORT FROM THE SENIOR GENERALS FOR HIS OCT. 16 CANCELLATION OF GENERAL ELECTIONS. THE GENERALS, HOWEVER, INSISTED (AND OBTAINED ZIA'S AGREEMENT TO REQUIRE) PARTICIPANTS IN THE FUTURE NG TO SEVER TIES WITH THE MILITARY. THIS, MANSURI, SIAD, WOULD INCLUDE ZIA HIMSELF, WHO WILL HAVE TO RESIGN AS CHIEF OF ARMY STAFF (COAS). ZIA REPORTEDLY AGREED TO THIS WITH PROVISIO THAT HE WOULD NAME NEW COAS WHO WOULD NOT, RPT NOT, BE THE NEXT IN SENIORITY. MANSURI SAID ZIA WANTS TO PASS THE COAS MANTLE TO THE RELATIVELY JUNIOR LGEN RASIMUDDIN KAHN, ZIA FAVORITE, PRESENTLY BALUCHISTAN GOVERNOR AND COMMANDER OF THE SECOND CORPS IN QUTEE (AND THE FATHER OF AIZ'S SON'S WIFE).

4. (C) MANSURI SAID HINTS OF REFERENDUM PLAN CAME OUT OF ZIA'S MEETING OCTOBER 18 AND 19 WITH PALESTINIAN ELITORS. HE HAD FLESHED-OUT PROPOSAL THROUGH SOURCES CLOSE TO (MLA) AND SAID NG PLAN DETAILS CAME FROM SAME SOURCE.

5. (U) "DAWN" OCT. 28 CARRIES REPORT ON EDITORS' MEETING WITH ZIA IN WHICH THE REPORTED REFERENDUM PLAN IS MENTIONED IN CONTEXT OF ZIA'S STATEMENT THAT HE "WOULD SEEK A MANDATE FROM THE PEOPLE TO TAKE THE STEPS NECESSARY TO PROTECT THE "NEW ORDER" HE INTRODUCED ON OCT 16.

6. (C) COMMENT: MANSURI SAID HE WOULD NOT PUBLISH THE REST OF THE STORY AS HE IS PARTICULARLY SENSITIVE RIGHT NOW DUE TO THE NEW CENSORSHIP RULES AND THE RISE IN PUBLIC FLOGGINGS TAKING PLACE AROUND THE COUNTRY. (TO OUR KNOWLEDGE, NO JOURNALIST HAS BEEN FLOGGED, PUT FOR THE FIRST TIME, THE PRESS THIS MORNING REPORTS THE PUBLIC FLOGGING OF THREE POLICE CONSTABLES WHO WERE JUDGED GUILTY OF ACCEPTING BRIBES).

7. (C) MANSURI'S INFORMATION ON THE PROPOSED FORMATION OF A NEW TYPE OF NATIONAL GOVERNMENT CORRESPONDS TO WHAT WE HAVE HEARD FROM OTHER SOURCES (REF B). ZIA AND OTHERS HAVE DEMONSTRATED AN INTEREST IN THIS TYPE OF NON-PARTISAN FORMAT, AND IN THE PAST HE HAS SEEMED TO HAVE IN MIND THE EXAMPLE OF THE NATIONAL GOVERNMENT WHICH RAN THE UK DURING WORLD WAR II. HIS EFFORTS TO BRING OFF A NATIONAL GOVERNMENT DURING THE PROLONGED NEGOTIATIONS WITH PARTIES IN 1978 WERE A NOTABLE FLOP.

8. (C) ZIA CLEARLY WOULD HAVE PROBLEMS WITH STEPPING DOWN FROM HIS COAS POSITION; THE ARMY IS HIS MOST

IMPORTANT CONSTITUENCY AND ONLY REAL BASE OF POWER. HE WOULD ATTEMPT TO AVOID AT ALL COSTS SETTING UP AN INSTANT RIVAL IN THE COAS POSITION - WHICH IS WHAT THE APPOINTMENT OF ONE OF THE SENIOR LGENS COULD CREATE; SEVERAL OF THOSE NOW SERVING AS LGEN WERE, IN FACT, SENIOR TO ZIA WHEN ZIA WAS APPOINTED COAS IN 1975 BY THEN-PRIME MINISTER BRUTTO. RASIMUDDIN AND ZIA ARE CLOSE, AND THE FAMILY LINKAGE WITH ECOOTS OF THE FAMILY RELATIONSHIP BETWEEN FIELD MARSHAL AYUB KHAN AND HIS ARMY CHIEF, -- GENERAL HABIBULLAH -- MAKES THE IDEA AS ATTRACTIVE TO ZIA AS IT IS UNATTRACTIVE TO THE OTHERS. A COMPROMISE CHOICE ON THIS IS POSSIBLE, BUT OUR GUESS IS THAT THIS ONE COMMITMENT -- IF IT DEED BE IS ON FEELS COMMITTED -- THAT ZIA WILL BE IN NO HURRY TO MEET. END COMMENT.

9. (U) RUMORS MEANWHILE CONTINUE ABOUT A CABINET SHUFFLE IN THE IMMEDIATE FUTURE, AND THE URDU NAWA-U-VAQT HAS A REPORT THIS MORNING THAT MORE RATHER THAN FEWER MILITARY OFFICERS WILL BE BROUGHT IN (RATHER THAN EXCLUDED) FOR THE UPCOMING ROUND. APPOINTMENT OF NON-MILITARY PROVINCIAL GOVERNORS IS ALSO SAID TO BE IN THE OFFING. KING

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TO RUSBQD/AMEMBASSY ISLAMABAD PRIORITY 7781

INFO RUMJPG/AMEMBASSY BEIJING 0388

RUFHOL/AMEMBASSY BONN 3299

RUSBLK/AMEMBASSY KABUL 0270

RUDTFC/AMEMBASSY LONDON 0032

RUEHMO/AMEMBASSY MOSCOW 8189

RUSBAE/AMEMBASSY NEW DELHI 1994

RUFNPS/AMEMBASSY PARIS 1386

RUQMHR/AMEMBASSY TEHRAN 5135

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C O N F I D E N T I A L SECTION 01 OF 04 STATE 277901/01

E.O. 12065: RDS-1,3 10/22/99 (PECK, ROBERT A.)

TAGS: PEPR, AF, US, PK, IR, IN, UR, CH

SUBJECT: US-PAK TALKS: REGIONAL ISSUES

REFERENCES: (A) STATE 270484; (B) STATE 274950

1. CONFIDENTIAL - ENTIRE TEXT.

2. SUMMARY: OVER HALF OF THE FORMAL DISCUSSIONS BETWEEN THE PAKISTANI AND US DELEGATIONS OCTOBER 16-17 IN WASHINGTON WAS DEVOTED TO REGIONAL ISSUES. OUR ASSESSMENTS ON AFGHANISTAN WERE QUITE SIMILAR, THOUGH THE PAKISTANIS VIEWED THE THREAT IN SOMEWHAT MORE IMMEDIATE TERMS THAN DO WE. THE PAKISTANIS WERE FAIRLY RELAXED ABOUT THE STATE OF THE CURRENT RELATIONS WITH INDIA, BUT STILL CONSIDER INDIA TO BE PAKISTAN'S PRINCIPAL LONG-RANGE SECURITY THREAT. ON IRAN, SHAHI EMPHASIZED THE IMPORTANCE OF ESTABLISHING A PERSONAL EQUATION WITH KHOMEINI AND INDICATED THAT PAKISTAN WAS TRYING TO SAVE THE RCD IN THE FACE OF IRANIAN OPPOSITION. THE US STRONGLY REAFFIRMED ITS SUPPORT FOR PAKISTANI SECURITY, BUT WE INDICATED THAT OUR ABILITY TO EXPRESS THIS SUPPORT IN PRACTICAL TERMS WOULD REMAIN CONSTRAINED AS LONG AS OUR DIFFERENCES OVER THE NUCLEAR ISSUE WERE UNRESOLVED. THE US ALSO REAFFIRMED THAT IN THE EVENT OF AFGHAN AGGRESSION AGAINST PAKISTAN WE WOULD CONSIDER THE 1959 BILATERAL AGREEMENT TO BE RELEVANT (SEPTEL). DISCUSSION OF THE NUCLEAR ISSUE, CHINA AND THE INDIAN OCEAN ALSO COVERED IN SEPARATE TELEGRAMS. END SUMMARY.

3. THE FIRST DAY OF DISCUSSIONS BETWEEN THE US AND PAKISTANI DELEGATIONS AT THE DEPARTMENT (OCTOBER 16) WAS DEVOTED LARGELY TO REGIONAL ISSUES. ON THE PAKISTANI SIDE, THE DISCUSSION WAS LED BY FOREIGN AFFAIRS ADVISOR AGHA SHAHI AND FOREIGN SECRETARY SHAHNAWAZ, WITH SOME CONTRIBUTIONS BY THE SECRETARY GENERAL OF THE MINISTRY OF DEFENSE, GEN. GHULAM JILANI KHAN. ON THE US SIDE THE SECRETARY LED OFF WITH AN OPENING STATEMENT (REFTEL A) AND PARTICIPATED IN MUCH OF THE SUBSTANTIVE DISCUSSIONS. UNDER SECRETARY NEWSOM PROVIDED AN OVERVIEW OF US INTERESTS IN THE REGION.

4. AFGHANISTAN: THE TWO DELEGATIONS TRADED ASSESSMENTS OF THE INTERNAL AFGHAN SITUATION AND THE THREAT AFGHANISTAN POSED TO PAKISTANI SECURITY. SHAHI SAID THAT THE AFGHAN REVOLUTION HAD AFFECTED PAKISTAN PROFOUNDLY. THE HISTORICAL ROLE OF AFGHANISTAN AS A BUFFER STATE HAD DISAPPEARED, AND PAKISTAN FOUND ITSELF ILL-PREPARED AND ILL-EQUIPPED TO MEET THE MILITARY THREAT. PAKISTAN DID NOT EXPECT AN IMMEDIATE INVASION, BUT WAS DEEPLY CONCERNED OVER THE LONG-TERM POTENTIAL FOR CROSS-BORDER SUBVERSION.

5. INTERNAL SITUATION: SHAHI SAID THAT THE MARXIST REGIME IN KABUL REMAINED "OFF BALANCE" IN THE FACE OF THE CONTINUING INSURGENCY AND INTERNAL PARTY AND MILITARY DISSIDENCE. THE POLITICAL BASE OF THE REGIME WAS EVEN NARROWER FOLLOWING AMIN'S INTERNAL COUP. AT THE SAME TIME, THE MILITARY AND POLITICAL HOLD OF THE SOVIET UNION ON AFGHANISTAN WAS STRONGER THAN EVER AND APPEARED TO BE GROWING. THE SOVIETS FOCUSED ON CONSOLIDATION OF THE REVOLUTION AND PERSONALITIES DID NOT MATTER. SOVIET AMBASSADOR PUZANOV HAD RECENTLY WARNED DEPARTING PAKISTANI AMBASSADOR PIRACHA THAT PAKISTAN SHOULD NOW THINK SERIOUSLY ABOUT CHANGING ITS POLICIES TOWARD AFGHANISTAN SINCE THE USSR WAS DETERMINED TO DEFEND THE REVOLUTION. PUZANOV SAID THAT BY SPRING THE SOVIET UNION WOULD HAVE CREATED A "NEW AFGHAN ARMY" THAT WOULD THEN BE IN A GOOD POSITION TO MOUNT AN EFFECTIVE MILITARY CAMPAIGN AGAINST THE INSURGENTS.

6. SHAHI ARGUED THAT ONCE THE REGIME HAD CONSOLIDATED ITS POSITION, IT WOULD TURN ITS NEWLY ACQUIRED MILITARY CAPABILITY AGAINST PAKISTAN. PAKISTAN VIEWED THE THREAT AS BEING ONE TO TWO YEARS OFF, DEPENDING ON THE PACE OF INTERNAL CONSOLIDATION IN AFGHANISTAN. THE TIME TO DO

SOMETHING WAS NOW.

7. THE PAKISTANIS INDICATED THEY WERE EVEN MORE UNCOMFORTABLE WITH AMIN'S ONE-MAN RULE THAN THEY HAD BEEN WITH THE PREVIOUS REGIME. WHILE AMIN HAD MADE SOME PUBLIC STATEMENTS, APPARENTLY AT SOVIET URGING, REGARDING A DESIRE FOR BETTER RELATIONS, HE HAD ALSO GIVEN CONTRARY SIGNALS. THE PAKISTANIS HAD BEEN PARTICULARLY CONCERNED BY THE PRESENCE OF EXILED PUSHTUN NATIONALIST LEADER AJMAL KHATTAK AT A RECENT PUBLIC MEETING IN KABUL, AT WHICH KHATTAK WAS GIVEN EQUAL STATUS WITH DIPLOMATIC REPRESENTATIVES ASSEMBLED TO HEAR OF PLANS FOR A NEW CONSTITUTION. SHAHNAWAZ CHARACTERIZED THE REGIME AS A MIXTURE OF PUSHTUN CHAUVINISM AND IDEOLOGICAL MISSIONARY ZEAL, A COMBINATION WHICH POSED A DOUBLE THREAT TO PAKISTANI INTERESTS.

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TO RUSSOD/AMEMBASSY ISLAMABAD PRIORITY 7782

INFO RUMJPG/AMEMBASSY BEIJING 0389

RUFHOL/AMEMBASSY BONN 3300

RUSBLK/AMEMBASSY KABUL 0271

RUDTC/AMEMBASSY LONDON 0033

RUEHMO/AMEMBASSY MOSCOW 8190

RUSBAE/AMEMBASSY NEW DELHI 1995

RUFNPS/AMEMBASSY PARIS 1387

RUQMHR/AMEMBASSY TEHRAN 5136

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8. THE PAKISTANIS DID NOT PLACE MUCH HOPE IN THEIR DIPLOMATIC DIALOGUE WITH AFGHANISTAN, BUT INDICATED THEY WOULD KEEP TRYING. SHAHI SAID HE DID NOT KNOW WHETHER THE INVITATION TO HIM TO VISIT KABUL WOULD BE RENEWED. IN ANY CASE, THE DIALOGUE SEEMED MORE IN THE AFGHAN INTEREST THAN IN PAKISTAN'S INTEREST. THE AFGHANS WANTED TO GET PAKISTAN TO FORCE THE REFUGEES BACK ACROSS THE BORDER (SHAHNAWAZ PRIVATELY SAID WHAT THE AFGHANS REALLY WANTED WAS THE EXPULSION OF REBEL LEADERS, AND WERE NOT PREPARED TO TALK SERIOUSLY ABOUT ANY OTHER ISSUES. THEIR PURPOSE WAS TWO-FOLD. FIRST, THEY WOULD BE BETTER ABLE TO COPE WITH THE INSURGENCY IF THE PAKISTANI REFUGEE WAS UNAVAILABLE AND, SECONDLY, THEY WANTED TO CREATE A SITUATION IN WHICH THEY COULD AGAIN POSE AS THE CHAMPIONS OF PUSHTUN NATIONALISM. IF THEY COULD FORCE PAKISTAN TO ABANDON THE REFUGEES, PAKISTAN WOULD BE DISCREDITED AND THE DRA WOULD HAVE A BETTER LONG-RANGE CHANCE TO RALLY THE TRIBES TO THEIR SIDE.

9. THE SECRETARY ASKED IF PAKISTAN SAW THE DANGER FROM AFGHANISTAN AS ONE OF LONG-RUN SUBVERSION OR DIRECT MILITARY AGGRESSION. SHAHI REPLIED THAT BOTH WERE A CONCERN, BUT WENT ON TO DISCUSS PRIMARILY THE SUBVERSIVE THREAT. THE AFGHANS, HE SAID, WERE GIVING UP ON THE OLDER GENERATION OF PUSHTUN NATIONALISTS AND WERE CONCENTRATING ON A YOUNGER GENERATION OF PUSHTUNS AND BALUCHI WHO WERE SHOWING MARXIST TENDENCIES. THE INTELLECTUAL SUBVERSION OF THE PAKISTANI PEOPLE WAS ALREADY SHOWING SOME SIGNS OF SUCCESS, AND MANY PAKISTANIS WERE SHIFTING THEIR ATTITUDES TOWARD AFGHANISTAN. WHEN THE AFGHAN COUP FIRST OCCURRED, THERE WAS BROAD SUPPORT IN PAKISTAN FOR MEASURES TO HELP THE REFUGEES AND ASSIST THE INSURGENTS. MANY PAKISTANIS WERE NOW COMING AROUND TO THE VIEW THAT

AFGHANISTAN -- AND THE SOVIETS THROUGH AFGHANISTAN -- NEEDED TO BE "ACCOMMODATED" SINCE PAKISTAN HAD BEEN UNABLE TO ACQUIRE ADEQUATE OUTSIDE SUPPORT. SOME PAKISTANI TRIBESMEN ARGUED THAT IT WAS PAKISTAN'S DUTY TO FIGHT THE ANTI-ISLAMIC AND MARXIST REGIME IN KABUL BUT, IF THE GOP WAS TOO AFRAID OF THE RUSSIANS TO DO SO, THEN PAKISTAN SHOULD MAKE ITS PEACE WITH THE SOVIET UNION. PAKISTANI LEADERS WORRIED THAT, IF AFGHANISTAN PUT PRESSURE ON PAKISTAN IN THE PRESENT SITUATION (E.G., BY A POLICY OF HOT PURSUIT ACROSS THE BORDERS, DISTRIBUTION OF ARMS IN BALUCHISTAN OR PROVOKING AN INSURGENCY), PAKISTAN WOULD BE IN A VERY DIFFICULT POSITION.

10. ASKED IF PAKISTAN ANTICIPATED THE DIRECT PARTICIPATION OF SOVIET TROOPS IN PUTTING DOWN THE INSURGENCY, SHAHNAWAZ SAID HE COULD NOT GIVE A CATEGORICAL ANSWER. THE SOVIETS CLEARLY WOULD GIVE WHATEVER ASSISTANCE WAS NECESSARY TO AFGHANISTAN, INCLUDING MILITARY AID. HE THOUGHT THEY WOULD TRY TO LIMIT THE PARTICIPATION OF SOVIET TROOPS TO ADVISORY AND SUPPORT ROLES. ASKED IF PAKISTAN HAD ANY EVIDENCE OF THE USE OF SOVIET CENTRAL ASIAN TROOPS MINGLED IN WITH AFGHANS, SHAHNAWAZ OBSERVED THAT THE SOVIETS HAD THIS CAPABILITY. HE THOUGHT IT UNLIKELY THAT THE SOVIET UNION WOULD USE CUBANS IN AFGHANISTAN SINCE THEY HAD THEIR OWN CENTRAL ASIAN TROOPS TO DRAW ON WHO WERE CULTURALLY MORE ASSIMILABLE.

11. ASKED IF THE PAKISTANIS SAW CHINA AS PLAYING A MAJOR ROLE IN CONTAINING GROWING SOVIET INFLUENCE IN AFGHANISTAN, SHAHI SAID THEY DID NOT. THEY HAD ON SEVERAL OCCASIONS TALKED WITH THE CHINESE ABOUT AFGHANISTAN, BUT THE CHINESE FELL BACK ON AN IDEOLOGICAL ANALYSIS FROM WHICH THEY CONCLUDED THAT THE AFGHAN PEOPLE WOULD ULTIMATELY BE VICTORIOUS. THE CHINESE HAD ADOPTED A HANDS-OFF POLICY. THERE WERE ALLEGATIONS THAT THE INSURGENTS WERE RECEIVING ARMS FROM THE CHINESE, BUT PAKISTAN HAD NO EVIDENCE OF THIS.

12. INDIA: THE EXCHANGE ON INDIA CONTAINED NO SURPRISES. THE PAKISTANIS VOICED FAMILIAR CONCERNS ABOUT LONG-RANGE INDIAN INTENTIONS AND INDICATED THAT THEY CONTINUE TO CONSIDER INDIA THE PRINCIPAL THREAT TO PAKISTANI SECURITY, DESPITE THE IMMEDIACY OF THEIR PROBLEMS WITH AFGHANISTAN.

13. SHAHI NOTED THAT PAKISTAN'S RELATIONS WITH INDIA WERE MORE "TENSION-FREE" THAN AT ANY TIME IN THE PAST. THEY GAVE CONSIDERABLE CREDIT TO FORMER PRIME MINISTER DESAI, AND WERE PARTICULARLY APPRECIATIVE OF DESAI HAVING STOOD UP TO BREZHNEV AND KOSYGIN IN MOSCOW BY REFUSING TO PUT

PRESSURE ON PAKISTAN OVER AFGHANISTAN. THIS WAS, SHAHI SAID, A "HEALTHY DEVELOPMENT". THE PAKISTANIS NONETHELESS EXPRESSED CONSIDERABLE ANXIETY REGARDING THE POLICIES WHICH MIGHT BE PURSUED BY WHATEVER INDIAN GOVERNMENT WOULD EMERGE FROM THE NEXT ELECTION.

14. SHAHNAWAZ SAID THAT PAKISTAN HAD TRIED PARTICULARLY HARD IN RECENT MONTHS TO KEEP RELATIONS WITH INDIA AS SAT-

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 TO RUSBQD/AMEMBASSY IS AMABAD PRIORITY 7783
 INFO RUMJPG/AMEMBASSY UJING 0390
 RUFHOL/AMEMBASSY BONN 001
 RUSBLK/AMEMBASSY KABUL 0272
 RUDIC/AMEMBASSY LONDON 0034
 RUEHMO/AMEMBASSY MOSCOW 8191
 RUSBAE/AMEMBASSY NEW DELHI 1996
 RUFNPS/AMEMBASSY PARIS 1388
 RUQMHR/AMEMBASSY TEHRAN 5137
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ISFACTORY AS POSSIBLE IN VIEW OF THE SITUATION IN AFGHAN-
 ISTAN. HE NOTED THAT, DURING HIS VISIT TO NEW DELHI IN
 MAY, HE HAD CONDUCTED PAKISTAN'S FIRST WIDE-RANGING
 EXCHANGE OF VIEWS WITH INDIAN OFFICIALS. ON AFGHANISTAN,
 HE HAD FOUND THE INDIANS EXTREMELY CAUTIOUS IN EXPRESSING
 THEMSELVES, POSSIBLY OUT OF FEAR THAT THEIR VIEWS WOULD
 GET BACK TO THE SOVIETS. SHAHNAWAZ SPECULATED THAT THE
 INDIANS ARE PROBABLY CONCERNED ABOUT THE DANGER WHICH
 SOVIET ADVANCES IN AFGHANISTAN POSES FOR INDIA ITSELF AND
 CANNOT BE PLEASED THAT AFGHANISTAN IS NO LONGER A BUFFER
 STATE. THESE CONCERNS, HOWEVER, HAD NOT REACHED THE POINT
 WHERE THE INDIANS WOULD ADMIT THEM OPENLY. NONETHELESS,
 PAKISTAN'S EXCHANGE OF VIEWS WITH INDIA ON THIS ISSUE MAY
 HAVE HAD SOME IMPACT. ASKED IF THE INDIANS HAD AT ANY TIME
 EXPRESSED THEIR CONCERNS TO THE SOVIETS ABOUT AFGHANISTAN,
 SHAHNAWAZ SAID HE THOUGHT THEY HAD NOT, BUT THAT THEY HAD
 DEMONSTRATED THIS CONCERN BY RESISTING SOVIET REQUESTS FOR
 PRESSURE ON PAKISTAN.

15. THE PAKISTANIS DEVELOPED THE THEME THAT THEY HAD HAD
 FULL AND FRANK DISCUSSIONS WITH INDIAN OFFICIALS ON THE
 NUCLEAR QUESTION AND THAT INDIA ACCEPTED PAKISTANI
 ASSURANCES OF PEACEFUL INTENT AT FACE VALUE. SHAHI
 RECOUNTED HIS DISCUSSIONS WITH INDIAN FOREIGN MINISTER
 MISHRA IN BOTH HAVANA AND NEW YORK IN WHICH SHAHI OFFERED
 TO GIVE WHATEVER ASSURANCES INDIA MIGHT REQUIRE IF INDIA
 HAD DOUBTS REGARDING THE NATURE OF PAKISTAN'S PROGRAM.
 SHAHI SAID HE ALSO EXPRESSED CONCERN OVER CHARAN SINGH'S
 RED FORT STATEMENT. MISHRA REPORTEDLY REPLIED THAT THIS
 HAD BEEN MADE IN THE HYPOTHETICAL CONTEXT OF A PAKISTANI
 NUCLEAR WEAPONS PROGRAM. SHAHI INDICATED THAT MISHRA WAS
 SATISFIED BY PAKISTANI ASSURANCES.

SHAHNAWAZ CHIMED IN TO POINT OUT THAT THE RED FORT
 STATEMENT CAME ONLY A FEW DAYS AFTER SENATOR PERCY'S
 MARKS IN CALCUTTA REGARDING THE POTENTIAL THREAT TO
 INDIA'S CITIES OF A PAKISTANI BOMB. (WHILE HE DID NOT
 DRAW THE CONCLUSION SHARPLY, SHAHNAWAZ SEEMED TO BE
 IMPLYING THAT THE US BORE SOME RESPONSIBILITY FOR CHARAN
 SINGH'S OUTBURST.)

SHAHNAWAZ ALSO DESCRIBED IN SOME DETAIL HIS
 DISCUSSION OF THE NUCLEAR ISSUE WITH INDIAN LEADERS,
 INCLUDING FORMER PRIME MINISTER DESAI, IN DELHI LAST MAY.
 DESAI MADE A "COMPLETELY UNAMBIGUOUS STATEMENT"
 THAT HE WAS SATISFIED WITH PAKISTANI ASSURANCES. SHAHNAWAZ
 SO WENT OVER FAMILIAR GROUND ON THE DESAI-ZIA
 CORRESPONDENCE IN WHICH ZIA REPORTEDLY SUGGESTED A JOINT
 STATEMENT RENOUNCING NUCLEAR WEAPONS AND DESAI COUNTERED
 WITH A PROPOSAL FOR UNILATERAL STATEMENTS WHICH WOULD HAVE
 THE EFFECT OF A JOINT STATEMENT. SHAHNAWAZ CONCLUDED
 THAT, SINCE BOTH DESAI AND ZIA HAD STATED THAT THEY DID
 NOT INTEND TO DEVELOP NUCLEAR WEAPONS, THE INDIANS WERE
 APPARENTLY SATISFIED.

16. IRAN: NEWSOM DESCRIBED US EFFORTS TO REASSURE THE
 IRAN GOVERNMENT THAT WE ACCEPT THE REVOLUTION. WE HAD NOT
 APPROACHED KHOMEINI DIRECTLY. IRAN'S REFUSAL TO
 ACCEPT OUR AMBASSADOR MADE COMMUNICATIONS MORE DIFFICULT
 AND THE CONTINUING EXECUTIONS GAVE US A PUBLIC RELATIONS
 PROBLEM. NEWSOM DESCRIBED SOVIET-IRANIAN RELATIONS AS
 "TENSE".

17. IN REPLY, SHAHI STRESSED THE IMPORTANCE OF HAVING A
 PERSONAL EQUATION WITH KHOMEINI AND THE AYATOLLAH'S
 UNCERTAINTY ABOUT CONTINUING ANY PROGRAM OR POLICY BEGUN
 BY THE SHAH. HE FELT THAT SENDING A DELEGATION TO KHOMEINI
 WOULD BE THE ONLY WAY TO IMPROVE US RELATIONS WITH THE
 GOI, BUT RECOGNIZED THAT THIS COULD BE DIFFICULT FOR US
 IN TERMS OF US PUBLIC OPINION.

18. SHAHI MENTIONED THAT PGOI SUSPICIONS OF ANYTHING
 ESTABLISHED BY THE SHAH LED IT TO WANT TO ABOLISH THE RCD.
 HE SAID THAT PAKISTAN WAS TRYING TO SAVE THE ORGANIZATION.
 PAKISTAN WAS "EVALUATING" THE ROLE OF RCD, AND HOPED THAT
 THE RESULTS OF THIS STUDY WOULD PERSUADE THE IRANIANS THAT
 THE RCD HAD UTILITY IN FURTHERING REGIONAL ECONOMIC
 COOPERATION.

19. IN RESPONSE TO A QUESTION, SHAHI NOTED THAT IT WOULD
 NOT BE EASY TO SET UP A NEW REGIONAL ECONOMIC INSTITUTION.
 THE PERSIAN GULF SHAIKHDOMS, WHICH WOULD LOGICALLY BE
 INCLUDED IN A NEW ORGANIZATION, WERE UNEASY ABOUT THE
 REVOLUTION IN IRAN AND WOULD THEREFORE PROBABLY BE NERVOUS
 ABOUT AN ORGANIZATION WHICH LINKED THEM WITH IRAN AND
 WHICH HAD IRAN IN SOME SORT OF LEADERSHIP POSITION.

20. PAKISTAN: OPENING THE DISCUSSION ON PAKISTAN'S
 SECURITY REQUIREMENTS. NEWSOM SAID HE WOULD LIKE TO KNOW
 WHAT THE GOP THOUGHT WE COULD ASSIST PAKISTAN "IF WE ARE

ABLE TO RESOLVE THE PROBLEMS THAT CONFRONT US". NEWSOM
 INDICATED THAT THE US VIEWED PAKISTAN'S SECURITY REQUIRE-

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FM SECSTATE WASHDC

TO RUSBDQ/AMEMBASSY ISLAMABAD PRIORITY 7784

INFO RUMJPG/AMEMBASSY BEIJING 0391

RUFHOL/AMEMBASSY BONN 3302

RUSBLK/AMEMBASSY KABUL 0273

RUDTC/AMEMBASSY LONDON 0035

RUEHMO/AMEMBASSY MOSCOW 8192

RUSBAE/AMEMBASSY NEW DELHI 1997

RUFNPS/AMEMBASSY PARIS 1389

RUMQHR/AMEMBASSY TEHRAN 5138

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C O N F I D E N T I A L FINAL SECTION OF 04 STATE 277901/0

MENTS AS FALLING INTO THREE GENERAL CATEGORIES:

(A) THE DEVELOPMENT OF A HEALTHY BODY POLITIC AND THE SEARCH FOR BALANCED ECONOMIC DEVELOPMENT WERE FUNDAMENTAL TO ANY COUNTRY'S SECURITY. OBVIOUSLY THESE ARE ISSUES ON WHICH ONLY PAKISTANIS THEMSELVES CAN MAKE DECISIONS, BUT OTHER COUNTRIES CAN PROVIDE ECONOMIC AND TECHNICAL HELP TOWARD REACHING THESE GOALS.

(B) AN ADEQUATE MILITARY DEFENSE. OUR PERCEPTIONS OF WHAT IS ADEQUATE MAY DIFFER SOMEWHAT, BUT WE DO AGREE THAT CONSIDERABLE MODERNIZATION AND UPGRADING OF EQUIPMENT IS BADLY NEEDED. THESE REQUIREMENTS, HOWEVER, HAD TO BE WEIGHED AGAINST THE NEED FOR SOUND ECONOMIC DEVELOPMENT.

(C) IN THE DIPLOMATIC ARENA, A COUNTRY WITH LIMITED RESOURCES SUCH AS PAKISTAN ADDS TO ITS SECURITY VERY SIGNIFICANTLY BY SUSTAINING A NETWORK OF EXTERNAL TIES WHICH HELP TO BALANCE THOSE FORCES PAKISTAN FINDS INIMICAL TO ITS INTERESTS. OVER THE YEARS PAKISTAN HAD FOUND IT NECESSARY TO PURSUE A MIXTURE OF PRACTICAL DIPLOMACY DESIGNED TO LIMIT CONFRONTATIONS WITH ITS NEIGHBORS AND EFFORTS TO GAIN DIPLOMATIC SUPPORT AMONG OUTSIDE POWERS.

WHILE THERE ARE SOME AREAS IN WHICH PAKISTAN OF NECESSITY WOULD HAVE TO DEPEND PRINCIPALLY ON ITS OWN RESOURCES, THE US HAD IN THE PAST TRIED TO BE RESPONSIVE IN ALL THREE GENERAL AREAS. TO THE EXTENT OUR OVERALL RELATIONS PERMIT IT, WE WOULD LIKE TO CONTINUE OUR SUPPORT IN EACH OF THESE AREAS.

PICKING UP THE THEME OF A "MIX" OF MILITARY AND DIPLOMATIC MEASURES, SHAHI ASKED WHAT THE US WAS PREPARED TO DO TO ENHANCE PAKISTAN'S DEFENSE CAPABILITY. NEWSOM DESCRIBED THE LEGISLATIVE CONSTRAINTS ON JOF AID PROGRAM AND NOTED PROBLEMS WITH MAJOR MILITARY SALES REQUIRING CONGRESSIONAL ACQUIESCENCE. THE PAKISTANIS MADE CLEAR THAT DIA REMAINED THE PRINCIPAL THREAT AGAINST WHICH PAKISTAN MUST PLAN ITS DEFENSE, AND SUGGESTED THAT THE ABSENCE OF A 100 FIGHTER AIRCRAFT, SUCH AS F-16S, WAS THEIR KEY WEAKNESS. IN A DISCUSSION OF THE DIPLOMATIC ELEMENTS OF PAKISTANI SECURITY, THE US SIDE STRESSED ITS INTENTION TO CONTINUE TO TAKE INTO ACCOUNT PAKISTAN'S INTERESTS IN THE MANAGEMENT OF ITS RELATIONS WITH THE MAJOR CONTINENTAL POWERS OF ASIA. WE ALSO SAID WE WOULD CONTINUE TO USE OUR INFLUENCE IN NEW DELHI TO ENCOURAGE INDIAN RESTRAINT AND COOPERATION WITH PAKISTAN. ON AFGHANISTAN, HE SAID WE

WOULD USE WHATEVER LEVERAGE WE HAD IN KABUL TO ENCOURAGE AFGHAN RESTRAINT RELATIVE TO PAKISTAN, AND THAT WE WOULD CONTINUE TO IMPRESS UPON THE SOVIETS THAT WE EXPECT THEM TO RESPECT AFGHAN INDEPENDENCE AND TO REFRAIN FROM INTERFERING IN AFGHAN INTERNAL AFFAIRS. THE US SIDE SPECIFICALLY AFFIRMED THAT THE 1959 BILATERAL AGREEMENT WITH PAKISTAN WOULD BE RELEVANT IN THE EVENT OF AGGRESSION IN AFGHANISTAN. (FULLER DISCUSSION OF THIS SUBJECT IN PTEL.) VANCE

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INFO RUSBKR/AMCONSUL KAKACHI 8998
RUGMHR/AMEMBASSY TEHRAN 5486
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CN: 5140

ECON

CHARGE
POL
RF
CHRON

LIMITED OFFICIAL USE ISLAMABAD 12276

E.O. 12065: NA
TAGS: EFIN EAID EAGR PK
SUBJECT: TERMS OF IRANIAN RESCHEDULING MADE PUBLIC

REF: (A) ISLAMABAD 9549 (B) ISLAMABAD 10656

1. THE TERMS OF THE RESCHEDULING OF THE \$580 MILLION IRANIAN LOAN HAVE NOW BEEN MADE PUBLIC. THE ORIGINAL TERMS OF THE LOAN CALLED FOR 10 EQUALN SEMI-ANNUAL PAYMENTS FOLLOWING A 1 YEAR GRACE PERIOD. THE GRACE PERIOD, NOW EXTENDED TO FIVE YEARS, WILL END IN DECEMBER OF 1979 AND THE NEW PAYMENT SCHEDULE CALLS FOR 22 EQUAL SEMI-ANNUAL PAYMENTS.

2. THESE TERMS ARE THE ONES WE HAD HEARD ABOUT EARLIER (REF: A) AND WERE IMPLICITLY TAKEN INTO ACCOUNT IN THE DEBT FIGURE GIVEN TO US BY THE GOP AND USED IN OUR BALANCE OF PAYMENT FORECAST (REFTEL B).

3. USING THE NEW REPAYMENT SCHEDULE AND A 2.5 PERCENT INTEREST RATE GIVEN TO US BY THE MOF, EACH SEMI-ANNUAL PAYMENT COMES OUT TO BE \$30.3 MILLION.

HUMMEL

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